

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SERAP LOKMAN, Individually and
On Behalf of All Others Similarly Situated,

Plaintiff,

v.

AZURE POWER GLOBAL LIMITED,
RANJIT GUPTA, MURALI SUBRAMANIAN,
ALAN ROSLING, and PAWAN KUMAR
AGRAWAL,

Defendants.

Case No. 1:22-cv-7432

Hon. Gregory H. Woods

FIRST AMENDED CLASS ACTION COMPLAINT

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Lead Plaintiff Serap Lokman (“Plaintiff”), by and through her attorneys, brings this class action pursuant to 15 U.S.C. §§ 78j(b) and 78t(a) (“Section 10(b)” and “Section 20(a),” respectively) of the Securities Exchange Act of 1934 (the “Exchange Act”) and 17 C.F.R. § 240.10b-5 (“Rule 10b-5”) promulgated thereunder by the United States Securities and Exchange Commission (“SEC”), individually and on behalf of all persons and entities that purchased or otherwise acquired Azure Power Global Limited (“Azure”) securities between June 15, 2021 and August 29, 2022, inclusive (the “Class Period”). Plaintiff alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, her counsel’s investigation, which includes, without limitation: (a) review and analysis of regulatory filings made by Azure Power Global Limited (“Azure” or the “Company”) with the SEC; (b) review and analysis of press releases and media reports issued by and disseminated by Azure; (c) review and analysis of reports of securities and financial analysts, news articles, and other commentary and analysis concerning Azure and the industry in which it operates; (d) review of other publicly available information concerning Azure; and (e) interviews with sources familiar with the Company in an advisory capacity.

Lead Counsel’s investigation into the matters alleged herein is continuing, and many relevant facts are known only to, or are exclusively within, the custody or control of Defendants. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This class action arises from Defendants’ deceptive scheme of corruption and false reporting of financial data throughout the Class Period, culminating in the abrupt dismissal of Azure’s external auditors and multiple sudden executive departures.

2. In recent years, the Republic of India has made production of renewable energy a major part of its stated goal to transition to clean energy. To advance that goal, the Indian government set a nationwide target of reaching 100 gigawatts (“GWs” or “Gigawatts”) of solar energy capacity by 2022, and 450 GWs of renewable energy by 2030. In order to take part and grab market share of this exploding production and investment, it was imperative that Azure, a self-described seller of renewable power in India, be able to expand operations by obtaining new long-term fixed price contracts and operate its plants profitably.

3. During the Class Period, Azure purported to operate approximately 45 utility scale projects across India. Defendants claim that one of Azure’s competitive advantages is its ability to receive “all our data into a centralized monitoring station at [the] head office,” which gives Azure the ability to “monitor and analyze plant performance at the project site” in “real time.” Using Azure’s centralized data monitoring system, Azure monitors and analyzes the Company’s performance according to several Key Performance Indicators (“KPIs”).

4. One of the most important KPIs to Azure’s business is megawatts (“MWs” or “Megawatts”) operating, which represents the total MWs of “rated capacity” of Azure’s solar power plants that are commissioned and operational as of the reporting period. Rated capacity is the expected maximum output a solar power plant can produce without exceeding design limits, which Defendants state “is a measure of the growth rate of our business.”

5. Azure’s central monitoring system also allowed Defendants to monitor the plants’ safety compliance. This was particularly important to the market because companies like Azure are subject to strict safety and environmental laws where lack of compliance can result in liability, fines, seizure of property, and imprisonment.

6. Starting in early 2020, shortly after Defendant Gupta took over as Chief Executive Officer (“CEO”) and Defendant Subramanian took over as Chief Operating Officer (“COO”), the Company’s financial performance began a decline, as its safety practices lapsed and controls over financial reporting and cash and project management suffered, all at the hands of Gupta and Subramanian. This left Azure susceptible to data manipulation and corruption.

7. To conceal Azure’s declining financial performance and inadequate safety protocols, which would have placed severe limitations on the Company’s ability to obtain new projects and at favorable financing, Defendants falsified Azure’s financial records to make the Company appear more profitable and engaged in an improper kickback scheme, in violation of internal ethics and control policies and procedures. Yet, throughout the Class Period, Defendants reported inflated double-digit megawatts operating and revenue growth, assured investors that the Company was making significant “efforts to ensure safety culture is embedded across our project locations and sites” and claimed Azure was in compliance with internal ethical policies and processes and that its “internal controls over financial reporting [were] effective.”

8. As investors ultimately learned after several whistleblowers came forward starting in 2021, Defendants failed to comply with Azure’s ethics policies and processes and the Company had “several material weaknesses” in its internal controls over financial reporting, which resulted in “mismanagement of funds,” “inaccurate record keeping,” “failures to provide accurate information both internally and externally” and “corrupt payments” to vendors. In turn, Azure’s lack of internal controls, data manipulation and inaccurate record keeping, caused reported megawatts operating for Fiscal 2022 to be overstated.¹

¹ Azure utilizes an unconventional fiscal calendar, such that the first quarter (“Q1”) extends from April 1 through June 30, the second quarter (“Q2”) extends from July 1 to September 30, the third quarter (“Q3”) extends from October 1 through December 31, and the fourth quarter (“Q4”) extends from January 1 through March 31. Throughout this

9. On January 25, 2023, Defendants admitted in a press release that Azure’s internal reporting of megawatts operating throughout Fiscal 2022 was false, and that when the Company reported 2,666 megawatts operating in the press release, such figure had been “adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistleblower allegations.” Azure further reported “shortfalls in generation” as a consequence of not “timely commissioning” the full capacity required under the customer contract, resulting in “shortfalls in generation” and subjecting the Company to liquidated damages. Defendants also admitted that Azure had “deviat[ed] from safety and quality norms” requiring Azure to “strengthen our safety and quality protocols” across its operations.

10. As a result of these problems, Azure is currently more than six months late in filing its Fiscal 2022 Form 20-F annual report with the SEC (“2021 Form 20-F”), which has caused extreme uncertainty among financial analysts. For example, on September 1, 2022, RBC Capital Markets stated that “Delay in Form 20F filing adds to uncertainty and *raises going concern questions[.]*” On January 13, 2023, Credit Suisse published a report titled “Azure Power Global Limited All quiet on the front; Reduce [target price] by \$1; Underperform” and stated that the “Underperform rating is unchanged as the company is yet to publish last year’s annual report, address whistleblower complaint, and appoint a CEO.”

11. Defendants were aware of or recklessly disregarded that, as a result of data manipulation, corruption, and lack of internal controls, their statements were false when made through their admitted “real time” review of data from Azure’s centralized monitoring platform where, as Harsh Shah (Azure’s former Chief Executive Officer) stated, Defendants performed

Complaint, Plaintiffs identify certain time periods or quarters as “fiscal” to refer to Azure’s fiscal calendar. Where Plaintiffs identify other time periods or quarters as “calendar” they mean time periods or quarters as would ordinarily occur in a calendar year beginning on January 1 and ending on December 31.

“day-to-day analysis and testing” of, among other things: energy generation data, Azure’s supply chain, and project management. Azure’s executive management also regularly conducted plant site visits where they admittedly “connect[ed] directly with the site employees and workers” to “understand the workings on ground.”

12. Defendants’ corruption and lack of internal controls led to the resignation of multiple of the Company’s external auditors, as well as several executive departures. Indeed, during the Class Period, alone, Azure had *three different Chief Executive Officers*.

13. The severe corruption and lack of controls at Azure was revealed to the market through a series of partially corrective disclosures starting on April 26, 2022. On that day, Azure announced that Defendant Gupta would be resigning as CEO and Board member, and Defendant Subramanian would be resigning as COO purportedly “to pursue other opportunities.” Upon the news, the price of Azure’s equity shares dropped \$1.73 per equity share, or 12%, from a closing price of \$14.66 per equity share on April 25, 2022 to \$12.93 per equity share on April 26, 2022.

14. Then, on August 16, 2022, Azure revealed that its internal controls over financial reporting and the effects of that were far worse than previously represented and, thus, the filing of its annual report on Form 20-F for fiscal year 2022 (“2022 Form 20-F”) would be delayed indefinitely, while the Company was purportedly continuing to review its internal controls. Upon the news, the price of Azure’s equity shares declined \$1.00 per equity share, or 8%, from a closing price of \$12.25 on August 15, 2022 to close at \$11.25 on August 16, 2022.

15. Finally, on August 29, 2022, Azure announced the resignation of its CEO, Harsh Shah, less than two months after his appointment and disclosed that it had “received a whistleblower complaint in May 2022 alleging potential procedural irregularities and misconduct by certain employees at a plant belonging to one of its subsidiaries.” Defendants further revealed

that Azure “discovered deviations from safety and quality norms” and “also identified evidence of manipulation of project data and information by certain employees.”

16. On this news, the price of the Company’s equity shares fell \$4.61 per equity share, or 44%, from a closing price of \$10.46 per equity share on August 26, 2022, to a closing price of \$5.85 per equity share on August 29, 2022, on unusually heavy trading volume.

17. Analysts were shocked. On September 1, 2022, RBC Capital Markets issued a report downgrading Azure and adding speculative risk qualifier because of “the uncertainty resulting from the significant delay in AZRE filing its Form 20F and the identification of data manipulation at one of its facilities.” RBS found that “data manipulation is more concerning to us as we believe it implies lack of proper oversight controls at the plants.”

18. As Defendants would ultimately disclose in January 2023, the corruption actually extended to multiple plants, resulting in Azure initiating an internal investigation into all “material” plants for a three-year period. That investigation, which has already resulted in a restatement of Fiscal 2022 MWs operating, is still ongoing and the filing of Azure’s fiscal year 2022 Form 20-F continues to be delayed indefinitely.² On February 15, 2023, the Company announced that it received a letter from the New York Stock Exchange (“NYSE”) on February 14, 2023, notifying Azure that the NYSE’s Listings Operations Committee agreed to provide the Company with an additional trading period through July 15, 2023, subject to reassessment on an ongoing bases, to file Azure’s fiscal year 2022 Form 20-F with the SEC. Thus, Azure is now also in serious jeopardy of defaulting on its debt, which requires timely SEC filings.

² Plaintiffs intend to seek leave to amend their complaint when the 2022 Form 20-F is issued, which they believe will shed even further light on the alleged misconduct alleged herein.

19. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

20. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

21. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

22. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

23. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

24. Lead Plaintiff Serap Lokman, as set forth in the certification submitted in support of her motion for appointment as Lead Plaintiff in this matter, incorporated by reference herein (ECF 16), purchased Azure securities during the Class Period, and suffered damages as a result of

the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

25. Defendant Azure Global Power Limited describes itself as a power producer and sustainable energy solutions provider in India. Azure is incorporated under the laws of Mauritius with its principal executive offices located in New Delhi, India. Azure's equity shares trade on the NYSE under the symbol "AZRE."

26. Defendant Ranjit Gupta ("Gupta") served as Azure's Chief Executive Officer ("CEO") and member of the board of directors (the "Board") from July 2019 to April 26, 2022.

27. Defendant Murali Subramanian ("Subramanian") joined Azure in July 2019 as president, and on April 4, 2020, Subramanian was named Chief Operational Officer ("COO"). Subramanian resigned on April 26, 2022.

28. Defendants Gupta and Subramanian have a long history of working closely together. They both received degrees from the Indian Institute of Technology in Mumbai and then began their careers together at Schlumberger, holding various field and management positions. Gupta and Subramanian then spent many years serving as executives together at various power companies, including Orange Renewable and IndiaBulls. Prior to joining Azure, they were co-founders of Ostro Energy, a start-up enterprise purportedly with a portfolio of over 1,000 megawatts. In April of 2022, Defendants Gupta and Subramanian left Azure and moved on to co-found Ocior Energy, a start-up business headquartered in United Arab Emirates.

29. As disclosed in the 2021 Form 20-F, both Defendant Gupta and Defendant Subramanian were entitled to Stock Appreciation Rights (SARs) as part of their compensation plans. Per their Executive Employment Agreements signed July 18, 2019 and amended as of July 20, 2020, Azure granted both of them a one-time nonrecurring grant of 100,000 SARs at an

exercise price per SAR at US \$10.48, and, if a restructuring event did not occur, then certain amounts of SARs vest each year on March 31. For the year ended March 31, 2020, Azure granted an additional 15,000 SARs each to Defendants Gupta and Subramanian.

30. Defendant Alan Rosling (“Rosling”) is presently the Chairman of the Board of Azure. Rosling was named Chairman on September 30, 2021, succeeding Barney Rush. Defendant Rosling has also served as interim CEO from April 26, 2022 to July 1, 2022.

31. Defendant Pawan Kumar Agrawal (“Agrawal”) was Azure’s Chief Financial Officer (“CFO”) at all relevant times.

32. Defendants Gupta, Subramanian, Rosling, and Agrawal (collectively the “Individual Defendants”), because of their positions with the Company, possessed the power and authority to control the contents of the Company’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

ADDITIONAL SUBSTANTIVE FACTUAL ALLEGATIONS

I. India's Strong and Growing Focus on and Investment in Renewable Energy

33. The global appetite for renewable energy has steadily increased over the past several years, resulting in India's renewable energy capacity growing to become the fourth largest in the world.³ India's government has made a strong commitment to transitioning to clean energy in its power sector through several nationwide targets, including reaching 100 gigawatts of solar energy capacity by 2022,⁴ and 450 gigawatts of renewable energy by 2030.⁵ In November 2021, at the COP-26 Summit in Glasgow,⁶ Prime Minister Mr. Narendra Modi pledged to boost India's renewable energy generation capacity to 500 gigawatts, which would satisfy *half* of India's energy needs through renewable sources by the year 2030.⁷

34. As of August 2019, India has issued US \$8.6 billion-worth of bonds, 80 percent of which were used to finance renewable energy projects in the country.⁸ According to a report from the Institute for Energy Economics and Financial Analysis, investment hit record level highs in India in 2021-2022 of US \$14.5 billion.⁹ As of November 2022, it is estimated that India's renewable energy sector will attract investment worth US \$80 billion over the next four years.¹⁰

³ India Brand Equity Foundation (IBEF), *Indian Renewable Energy Industry Analysis* <https://www.ibef.org/industry/renewable-energy-presentation> (last updated December 2022).

⁴ National Renewable Energy Laboratory (NREL), *India Renewable Integration Study*, <https://www.nrel.gov/analysis/india-renewable-integration-study.html> (last accessed February 17, 2023)

⁵ National Renewable Energy Laboratory (NREL) *Supporting India's States With Renewable Energy Integration* <https://www.nrel.gov/international/india-renewable-energy-integration.html> (last accessed February 21, 2023).

⁶ "COP" refers to Conference of the Parties, an annual summit for parties to the United Nations Framework Convention on Climate Change.

⁷ India Brand Equity Foundation, *supra*.

⁸ M Ramesh, The Hindu Business Line, *Why aren't Indian companies warming to green bonds?* (last updated January 9, 2022 06:18 pm IST).

⁹ Institute for Energy Economic and Financial Analysis *Record US \$14.5 billion investment in Indian renewable energy sector in last financial year*. (last updated June 9, 2022).

<https://ieefa.org/articles/record-us145-billion-investment-indian-renewable-energy-sector-last-financial-year>

¹⁰ India Brand Equity Foundation, *supra*.

35. The Solar Energy Corporation of India (“SECI”) is responsible for the development of the entire renewable energy sector in India and, thus, has played a major role in the sector’s development. The SECI has allocated 10 billion rupees (US \$132 million) of India’s 2022-2023 annual budget to renewable energy growth and expansion.¹¹

II. In Order to Benefit from India’s Strong Investment in Renewable Energy, Azure was Dependent on Winning Bids for Renewable Energy Projects

36. Azure claims to be at the forefront in the solar sector as a developer, constructor, and operator of solar projects. Azure has stated that its mission is to lead India’s energy transition to renewable energy by providing sustainable energy solutions and helping to achieve carbon neutrality by being the lowest-cost renewable energy power producer and creating high-performance renewable energy assets (e.g., solar power). Under Azure’s Profile section of its website, the Company’s stated goal is to displace 230 million tons of global emissions by 2030.

37. According to its website, Azure began working with solar in 2008, and by 2009, developed its first 2-megawatt utility scale solar project in Punjab, India. Azure continued to add projects to the Indian states of Gujarat, Rajasthan, Uttar Pradesh, and Chhattisgarh. By 2016, Azure had reached a 1-gigawatt total capacity, which it doubled by 2018. By 2020, Azure boasted a combined total of 7-gigawatts of solar panels.

38. Azure derives its revenue from the sale of power to central and state government utilities and independent industrial and commercial customers. The Company’s customers include, for example, NTPC Limited, NTPC Vidyut Vyapar Nigam Limited, a subsidiary of NTPC Limited, the SECI, as well as other commercial establishments. Azure claims to operate approximately forty-five utility scale projects throughout India and has 2.9 gigawatts of operational capacity and approximately 4.5 gigawatts of capacity under construction.

¹¹ India Brand Equity Foundation, *supra*.

39. Azure obtains new projects through a bidding process, which takes approximately eighteen months. The first step in the process is to submit a bid for the project. The winner of the bidding process is then issued a Letter of Award (“LOA”). Thereafter, Azure acquires the land and constructs the plant. Once the plant is constructed, Azure enters into a Purchase-Power Agreement (“PPA”) with customers, typically for 25-years, who then pay a fixed rate for electricity generated from Azure renewable energy plants.

40. Azure purports to manage the entire project development and operational process with an in-house engineering, procurement and construction team and advanced in-house operations with maintenance capability.

41. During the Class Period, on November 17, 2021, Defendants announced that Azure signed PPAs with SECI for a capacity of 600 megawatts. Projects developed under this PPA purportedly will supply power for 25 years at a fixed tariff of INR 2.54 (~US 3.4 cents) per kilowatt hour and are to be constructed in the state of Rajasthan. Defendants stated in the announcement of the PPAs that “connectivity approval is in place and land is fully identified and is under acquisition.” The 600-megawatt project in Rajasthan was announced as fully commissioned in January 2023.

42. A month later, on December 17, 2021 Defendants issued a press release announcing that Azure signed PPAs with SECI for a capacity of 2,333 megawatts. Projects developed under this PPA will supply power for 25 years at a fixed tariff of INR 2.42 (~US 3.3 cents) per kilowatt hour and are to be constructed in the state of Rajasthan. These projects were to be commissioned in phases: 1,000 megawatts by November 2024, 1,000 megawatts by November 2025 and the final 333 megawatts by November 2026. In his announcement of the PPAs Defendant Gupta stated, “[w]e are pleased with our progress on the 4 GW projects with SECI. *This is the largest capacity*

PPA ever for Azure Power in its decade long journey in the renewable energy sector and provides us with an incredible opportunity to support India's resolve on climate change and being a destination of choice for global investments.”

43. Accordingly, as alleged herein, Azure's success is highly dependent on winning bids for utility scale projects across India, building them, and operating them profitably.

III. Azure Must Comply with Health and Safety Regulations

44. Renewable energy companies like Azure are subject to safety and environmental laws. Failure to comply with such laws can result in liability, fines, seizure of property, and imprisonment. For example, according to Azure's 2021 20-F, the failure to comply with the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 may attract monetary penalties. Also, the Environment (Protection) Act, 1986 (“EPA”) vests the Indian government with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. Penalties for violation of the EPA includes fines up to Rs. 0.10 million or imprisonment of up to five years or both.

45. According Azure's 2021 Form 20-F, Azure is also subject to the laws and regulations that govern the businesses of the Indian subsidiaries, including but not limited to, the Electricity Act, 2003; the National Electricity Policy, 2005; the National Tariff Policy 2016; Guidelines for Tariff Based Competitive Bidding Process for Procurement of Solar Power issued by The Ministry of Power; Central Electricity Regulatory Commission Regulations; the Ministry of New and Renewable Energy, and various state administrative policies and regulations in relation to solar power projects and related matters.

46. Given Azure’s safety and environmental responsibilities, the Company has made health and safety a top priority. As Defendants stated in a Facebook post on August 3, 2022, during the 3rd National Electrical Safety Week conference:

Safety is of paramount importance at Azure Power. Workers in our sector are exposed to a range of potential hazards at different stages of development and it is imperative to ensure that safety is not just about rules and preventative measures—it’s also a foundational value that is deeply embedded in our organization.

47. Defendants also frequently reported on safety. For example, on February 11, 2021, during Azure’s earnings conference call for the third quarter of fiscal 2021, Defendant Gupta, Chief Executive Officer, emphasized health and safety measures purportedly employed at Azure:

We are very proud to announce that we obtained the ISO-45001 certification, *which demonstrates Azure’s focus on occupational health and safety*. Given the remote locations of our projects, the extreme heat and difficult conditions for construction and operations as well as the inherent safety risks that come with the large-scale construction project, we believe *this validates the additional efforts we make to our workplace safe for our team members and contractors*.

48. Also, during the February 11, 2021 third quarter earnings call for fiscal 2021, Defendant Subramanian, touted Azure’s ISO-45001 certification, “*which verifies that Azure Power provides a safe and healthy workplace*.” Defendant Subramanian stated:

On the governance side, *we have adopted many policies, including an enhanced health and safety policy* and have increased gender diversity on our Board. We’re not stopping here, and we’ll continue to implement best practices to enhance our sustainability.

49. Azure made similar statements throughout the Class Period. For example, on the June 16, 2021 Earnings Call, Defendant Gupta touted Azure’s ISO certification, claiming that it “demonstrates Azure’s focus on occupational health and safety and validates additional efforts we put in to make our workplaces safe for our team members and contractors....” Defendant Subramanian echoed Gupta’s emphasis on the ISO certification, claiming “Azure Power provides a safe and healthy workplace.” Likewise, on August 31, 2021, Defendant Subramanian represented

on the Earnings Call that Azure ensured a culture of safety and compliance by hyping that Azure “recently won the Greentech Effective Safety Culture Award for 2021 from Greentech Foundation, which signifies the efforts we have put in to ensure safety culture is embedded across our project locations and sites.”

50. Thus, safety is of paramount importance to Azure’s business, and the Defendants made efforts to demonstrate as much.

IV. Azure Tracks Project Performance in “Real-time” Using an Advanced Tracking System and Key Performance Indicators

51. Azure touts its ability to monitor and analyze project data and respond quickly to problems at its plants as they arise using a “centralized monitoring station.” According to Defendant COO Subramanian during Azure’s February 11, 2021 third quarter 2021 earnings call, Defendants get “all our data into a centralized monitoring station at [the] head office,” which gives Azure the ability to “monitor and analyze plant performance at the project site.” This, says Subramanian, provides Azure with “greater visibility of even minor plant failures, and various preset alarms allow them to spot, not only failures but even parts of the plant where performance is lower than expected.”

52. Defendants also touted their real-time data access in Azure’s 2021 Form 20-F wherein they praised Azure’s analytics platform, stating that the advanced tracking system allows Defendants to *remotely* monitor project performance in *real-time* and respond rapidly to potential generation anomalies:

Our operations team monitors performance of all the projects in real time through our analytics platform, which allow us to respond rapidly to potential generation anomalies and to repair any failures that might happen. They also perform scheduled preventive maintenance tasks on daily, weekly, monthly, and annual intervals to ensure our plants run smoothly and at high efficiency levels. Currently, we are able to monitor the performance of our solar power generation plants spread over 90 cities remotely.

53. Likewise, in an Economist Impact article entitled, “Digitalisation’s promise for India’s utilities sector: An interview with Harsh Shah, Chief Executive Officer, Azure Power,” posted to Azure’s Facebook account on August 10, 2022, Shah touted as one of Azure’s strengths, that it “digitally manages its power plants by using real-time monitoring platforms for *day-to-day* analysis and testing”:

Azure Power sees technology as a key enabler to become the number one provider of sustainable energy solutions for a carbon neutral world. Currently, the company digitally manages its power plants by *using real-time monitoring platforms for day-to-day analysis and testing* various tools to augment in-house predictive analytical capabilities *to accurately analyse energy generation data and forecast weather events*. We have digitalised most of the internal processes such as supply chain, design and engineering, and project management to improve efficiency and output while reducing turnaround time.

54. According to the 2021 Form 20-F, Azure’s central platform allows management to “regularly review a number of specific metrics, including [] key operating and financial metrics, to evaluate our business performance, identify trends affecting our business and make strategic decisions.” Such metrics include revenue, electricity generation, plant load factor, cost per megawatt operating, megawatts operating, megawatt contracted and awarded, and total megawatt operating, contracted and awarded. In the 2021 Form 20-F, Azure reported those metrics for 2019 through 2021:¹²

¹² The plant load factor is the ratio of the actual output of all Azure’s solar power plants over the reporting period to their potential output if it were possible for them to operate at full rated capacity. Electricity generation represents the actual amount of power generated by Azure’s solar power plants over the reporting period and is the product of reporting period plant load factor and the average megawatts operating. It is a measure of the periodic performance of Azure’s solar power plants. Megawatts Operating represents the aggregate cumulative megawatt rated capacity of solar power plants that are commissioned and Megawatts Contracted & Awarded represents the aggregate megawatt rated capacity of solar power plants pursuant to customer PPAs signed, allotted or won in an auction but not commissioned and operational as of the reporting date. Azures claims the tracking the growth in aggregate megawatt rated capacity measures the growth rate of its business.

Key metrics	Unit of Measurement	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Revenue ⁽¹⁾	INR in millions	9,926	12,958	15,236
Revenue ⁽²⁾	US\$ in millions	143.5	171.9	208.3
Electricity generation ⁽³⁾	kWh in millions	1,733	2,870	3,495
Plant load factor	%	18.6	19.5	20.9
Cost per MW Operating ⁽⁴⁾	INR in millions	40.7	35.5	28.8
MW Operating	MW	1,441	1,808	1990 ⁽⁵⁾
MW Contracted & Awarded	MW	1,915	5,307	4,965
MW Operating, Contracted & Awarded	MW	3,356	7,115	6,955 ⁽⁵⁾

55. Azure purports to rely on these metrics when comparing its current operational and financial performance to historical performance, and to that of competitors. Such metrics are also used in the industry to evaluate growth in terms of current and future capacity.

56. Analysts regularly relied on such metrics in arriving at price targets for Azure. For example, analyst Elvira Scotto of RBC Capital Markets gave Azure a positive rating on August 30, 2021, stating, “AZRE FY1Q22 Adjusted EBITDA slightly exceeded expectations and AZRE largely maintained its FY22 outlook. AZRE noted that SECI signed PSAs for ~800 MW of power, of which AZRE expects to sign PPAs for ~266 MW, at lower tariffs than the 2.92 INR (~\$0.04/KWh) indicated in the auction in December 2019.”

V. Azure Claims its Large Solar Portfolio and “Strong Track Record” in Project Development Gives the Company Advantages Over Competitors

57. Azure’s competitors include companies like ReNew Power Limited, Tata Power Solar Systems Limited, Adani Green Energy Limited, Softbank Energy, O2 Power private Limited and ACME Cleantech Solutions Private Limited, among others.

58. Azure purports to have several advantages over its peers in the renewable energy space. For example, Azure touts itself as having one of the largest operational solar portfolios in India, operating approximately forty-five utility scale projects throughout India with 2.9 gigawatts of operational capacity. According to the 2021 Form 20-F, because Azure has become one of India's largest renewable energy operators, it has better negotiating power with original equipment manufacturers and project finance lenders than its competitors.

59. In addition, in the 2021 Form 20-F, Azure states that, unlike some competitors, its in-house engineering, procurement and construction expertise allow it to deliver returns above its cost of capital and that the Company's "strong track record in project development across utility scale and commercial rooftop," has allowed Azure to grow its portfolio with high credit rating offtakers and access to international capital.

60. According to Azure's 2021 Form 20-F, Azure's competitive advantage further allows the Company to secure more favorable financing and more government contracts:

Our reputation, track record, shareholder base, governance framework help in securing the best financing terms and aid our relationship with government authorities while developing, constructing and operating renewable energy projects. Based on these factors, we believe that we compete favorably with our competitors in the regions we service.

61. Azure could lose its purported competitive advantage if the Company ceases to obtain new contracts or fails to obtain favorable (or any) financing for new projects.

VI. As Azure's Business Steadily Declines, Defendants Manipulate Internal Data to Report More Profitable Results

62. After Azure's founder, Inderpreet Wadhwa, stepped down on May 3, 2019 and Defendants Gupta and Subramanian took the reins as Azure's new CEO and COO, the Company's financial performance began a steady decline, resulting in Defendants increasing Azure's debt to manage cashflow. Indeed, according to the Company's Form 20-Fs filed with the SEC, Azure's

long-term debt balance increased by INR 25 million, or 40%, for the period-ended March 31, 2020 as compared to the same period in 2019, and stayed at those levels in Fiscal 2021.¹³ Moreover, net losses have steadily increased from a profit of INR 138 in Fiscal 2019 to a loss of INR 2.3 million in Fiscal 2020 and INR 4.2 million in Fiscal 2021. In addition, Azure experienced project cost increases as a result of its “[w]eak controls over payments” to vendors. Upon information and belief, and according to confidential local sources, project managers easily approved inflated invoices from third parties in exchange for kickback payments and/or to bribe third parties to secure contracts because of the frequent use of cash and weak controls over costs and pricing.

63. Desperate to control project costs and cash flows, Defendants began manipulating Azure’s reported megawatts data to present more favorable results on Azure’s projects.

64. As discussed below, Defendants ultimately admitted that Azure’s Fiscal 2022 megawatts operating was falsely recorded and needed to be adjusted downward and Azure was engaged in a corrupt payment scheme with third-party vendors, and possibly others.

VII. Azure Receives Multiple Whistleblower Complaints Revealing Data Manipulation and Internal Control Problems Causing its Auditors to Resign and Several Executive Terminations and Departures

65. Starting in 2021, Azure began receiving multiple whistleblower complaints reporting data manipulation, corrupt payments, and ethical violations at Azure’s plants. Defendants were certainly aware of these issues given their touted “centralized monitoring station at [the] head office,” ability to “monitor and analyze plant performance at the project site,” in “real-time” and site visits to Azure’s major plants. Indeed, as Defendants stated in an August 17, 2022 Facebook post, Azure executives regularly visited Azure’s renewable energy plants in order “to connect directly with the site employees:”

¹³ In USD, Azure’s long-term debt increased by approximately 30% in 2020.

Our Board of Directors and Senior Management take keen interest to visit our various sites *to connect directly with the site employees and workers and understand the workings on ground*. It was an honour and pleasure to host M.S Unnikrishnan and Supriya Sen, our Board Directors, this month, take them around our Gujarat Solar Project site and explain our site operations. We had interesting discussions on our day-to-day life, learnings, and challenges at the site.

A. The First Whistleblower Complaints Asserting Claims Against “Key Managerial Personnel”

66. In the 2021 Form 20-F, Defendants disclosed, among other things, that Azure had received an undisclosed number of whistleblower complaints and reports on some prior, undisclosed dates, alleging claims against “Key Managerial Personnel” (the “First Whistleblower Complaints”):

[Azure] recently received complaints and several anonymous whistleblower reports, which made various claims against certain of the Company’s Key Managerial Personnel, related to their and the Company’s actions in relation to the acquisition of and use of land in Rajasthan, Assam, and Uttar Pradesh, as well as certain other corporate actions.

67. According to Azure, it investigated the allegations in the First Whistleblower Complaints but the “investigation did not substantiate the allegations made in the complaints or contained in the whistleblower reports.”

68. As Defendants would eventually admit many months later on January 25, 2023, Azure had “identified several material weaknesses in its internal control over financial reporting,” and its “compliance environment” needed improvement “in order to address the control deficiencies.”

B. Azure Replaces its Independent Auditors

69. On November 26, 2021, shortly after Defendants informed investors about the First Whistleblower Complaint, Azure’s independent auditors resigned. As disclosed in the November 26, 2021 press release, which was filed that day with the SEC as an exhibit to a Form 6-K:

At a meeting held on November 9, 2021, the Board of Directors of the Company approved the appointment of S.R. Batliboi & Co. LLP (member firm of Ernst and Young Global Limited) as its independent registered public accounting firm for the fiscal year ending March 31, 2022. At the same meeting, the Board of Directors of the Company approved the dismissal of Ernst & Young Associates LLP (the “Former Accounting Firm”) as independent registered public accounting firm of the Company effective November 9, 2021. The audit committee of the Board of Directors approved the change in independent registered public accounting firms on September 30, 2021.

70. Therefore, a few months prior to Azure’s loss of emerging growth status,¹⁴ and the requirement that its financial statements be audited, Azure had to replace Ernst & Young Associates LLP as its auditor.

71. Upon information and belief, and according to confidential local sources, following the investigation of one or both of the whistleblower complaints, Azure’s external auditor, Ernst & Young, raised concerns regarding corrupt payments to vendors and project cost allocation, which would require additional qualifications be included in its audit report of Azure. Azure terminated the relationship after learning of the qualified opinion.

72. Then, on December 22, 2021, one month later, Azure announced that it held its 2021 Annual Meeting of Shareholders at the Group’s New Delhi office. Among the adopted proposals at the shareholder meeting was the appointment of an Ernst & Young affiliate firm, Ernst & Young Mauritius, as the Company’s new independent auditor for the fiscal year ending March 31, 2022.

¹⁴ According to its 2021 Form 20-F, Azure was considered an “emerging growth company,” for up to five years from the end of fiscal year 2017. Emerging growth companies are exempt from certain filing requirements including: (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (2) not being required to comply with any new requirements adopted by the Public Company Accounting Oversight Board, (PCAOB), requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (3) not being required to comply with any new audit rules adopted by the PCAOB after April 5, 2012 unless the SEC determines otherwise, and (4) not being required to provide certain disclosure regarding executive compensation required of larger public companies. The exemptions available to Azure ended during the fiscal year ending March 31, 2022.

C. Defendants Admit in Azure's December 27, 2021 Operational and Financial Update That Azure's Ethics Policies Were Deficient

73. On December 27, 2021, Azure announced certain operational and financial updates and reiterated disclosures about the First Whistleblower Complaint. Defendants also revealed that, despite claiming in the 2021 Form 20-F that the whistleblower allegations lacked merit, in fact, Azure's Ethics policies were deficient:

*During the current year, the Company received complaints and anonymous whistle-blower reports which made various claims against certain of the Company's Key Managerial Personnel, related to their and the Company's actions in relation to the acquisition of and use of land in Rajasthan, Assam and Uttar Pradesh, as well as certain other corporate actions. The Company, through its Audit Committee, and with the assistance of external counsel and forensic auditors, has completed its investigation to determine whether the allegations made in the complaints or contained in the whistle-blower reports are substantive. The issues raised, including those raised against Key Management Personnel, have been closed and allegations were not substantiated; **however, the Company determined that its ethics policies regarding external consultants should be enhanced.** The Company, through its Audit Committee and with the assistance of external counsel, will be taking remedial steps (including training and policy review).*

74. Azure further disclosed that Defendant Agrawal, Azure's then Chief Financial Officer, was named and charged with the commission of offences under Sections 3 and 4 of the Prevention of Money Laundering Act, 2002 of India in relation to Mr. Agrawal's prior employment. Azure stated that it would "continue to monitor the proceedings as Mr. Agrawal defends the charges made against him."

75. Thus, contrary to Defendants' prior statements that the allegations in the First Whistleblower Complaints were not substantial, Azure, in fact, did lack sufficient internal controls and processes requiring the Audit Committee to make enhancements to Azure's ethics policies. Indeed, as would later be revealed in subsequent whistleblower complaints and in Azure's January 25, 2023 disclosure, Azure found "evidence of manipulation and misrepresentation of project data," as well as "[w]eak controls over payments to a vendor... and failures to provide accurate

information both internally and externally,” including “corrupt payments,” among many other issues.

D. Azure Receives the Second Whistleblower Complaint Alleging Material Data Manipulations and Safety Issues at One of its Plants

76. On August 29, 2022, Defendants issued a press release announcing that Azure had received another whistleblower complaint alleging “potential procedural irregularities and misconduct by certain employees, at a plant belonging to one of its subsidiaries” (the “Second Whistleblower Complaint”). Upon information and belief, as confirmed by confidential local sources, the plant referred to in the Company’s August 29, 2022 press release is the 600-megawatt project in the state of Rajasthan.

77. Azure further revealed in its August 29, 2022 press release that during a subsequent investigation, it had “discovered deviations from safety and quality norms,” “identified evidence of manipulation of project data and information by certain employees,” and that Azure was “initiating disclosure of the findings to the appropriate authorities.” The Second Whistleblower Complaint prompted *a renewed* investigation of Azure’s internal controls over financial reporting.

78. As would later be revealed on January 25, 2023, the Second Whistleblower Complaint called into question the Company’s previously released financial and operational results for the prior *three years*, necessitating a comprehensive months-long investigation that is still ongoing as well as disclosure to the SEC and United States Department of Justice (“DOJ”).

E. Following Multiple Whistleblower Complaints, Azure Announces a Slew of Executive Departures and Repeated Delays in the Filing of its 2022 Form 20-F

79. On April 26, 2022, Azure issued a press release announcing the sudden departures of Defendants Gupta and Subramanian, stating that “[b]oth will relinquish their roles with the Company and its subsidiaries, and Mr. Gupta will resign from the Board of Directors...with

immediate effect in order to pursue other opportunities.” Defendant Rosling became the interim CEO until a new CEO replacement was found.

80. On May 6, 2022, Azure issued a press release announcing that it named Harsh Shah as the new CEO effective, July 1, 2022. However, Harsh Shah would not even last two months at Azure before departing as quickly as possible and retreating back to IndiGrid, presumably after he got wind of the data manipulation, corruption and safety issue exposure at Azure.

81. On June 1, 2022, Azure officially announced that Independent Director and the Audit Committee Chairman, Mr. Arno Harris, resigned from his position as a member of the Board of Directors of Azure and all its subsidiaries, effective May 31, 2022. Mr. Harris was replaced by Ms. Christine McNamara, who also took over as Chair of the Audit Committee.

82. On August 29, 2022 Azure issued a press release announcing the sudden departure of CEO Harsh Shah, effective immediately, with little explanation. Harsh Shah’s departure was described as an “unexpected decision.”

83. Additionally, upon information and belief and according to confidential local sources, following the internal investigations, several members of the finance, accounting, and project management departments separated from the Company.

**F. Azure Announces its Inability to Timely File its Fiscal
2022 Form 20-F Due to Internal Control Problems**

84. On August 16, 2022, Azure filed an amended notice of inability to timely file its Annual Report 2022 Form 20-F within the initial prescribed time period, informing the market for the first time that the Company’s internal control problems were so bad that Defendants could not even provide a date for when Azure would be able to file its 2022 Form 20-F, stating:

The Registrant was not able to file its Annual Report on Form 20-F for the year ended March 31, 2022 (the “Form 20-F”) within the initial prescribed time period. The Registrant previously filed a Form 12b-25 on August 1, 2022 (the “Original

Notice”). As indicated in the Original Notice, the Registrant intended to file the Form 20-F on or before the fifteenth calendar day following the due date of the Form 20-F (the “Extended Due Date”). However, the Registrant no longer expects to file the Form 20-F by the Extended Due Date. ***The delay in filing the Form 20-F is due to Registrant’s ongoing review of its internal control and compliance framework. These matters are being progressed with the assistance of the Registrant’s advisers. The Registrant is making all efforts to file its Form 20-F as soon as practicable.***

85. On August 23, 2022, Moody’s placed Azure Power Energy and Azure Power Solar Energy ratings under review for downgrade and changed outlooks ratings to under review from stable. Moody’s stated that the “company has [] experienced senior management turnover recently” and “[t]he internal review and the delay in filing Form 20-F are additional governance considerations material to the rating action.”

86. As of Azure’s January 25, 2023 disclosure, Azure still has yet to complete the audited consolidated financial statements for Fiscal 2022 or filed the 2022 Form 20-F with the SEC, which brought about several more problems. For example, Azure states that is exposed to substantial risks, including delisting of the Company’s shares from the NYSE, covenant defaults, and acceleration under its green bonds, all of which could materially and adversely affect Azure’s business, results of operations, financial condition and cash flows.

**DEFENDANTS’ MATERIAL CLASS PERIOD
MISREPRESENTATIONS AND OMISSIONS**¹⁵

87. In order to conceal the Company’s true financial condition from investors throughout the Class Period, Defendants issued a series of material misstatements and omitted material facts in the Company’s public filings, press releases, and other documents concerning Azure’s: (1) reported revenue and megawatts operating; (2) timely commissioning of customer PPAs; (3) compliance with safety, ethics and compliance policies, processes, standards and

¹⁵ The alleged false statements are bolded and underlined. The remaining statements are provided for context.

regulations; and (4) internal controls over financial reporting. As discussed below, Defendants' statements were false when made because Azure's revenues and megawatts operating were materially inflated, Azure's internal controls over financial reporting were inadequate and Azure was not in compliance with internal and regulatory safety policies and regulations, as a result of corruption, data manipulation and admitted safety violations at multiple projects over a three-year period, as reported by multiple whistleblowers in 2021 and 2022.

I. Fourth Quarter 2021 Financial Results Press Release on June 15, 2021

88. On June 15, 2021, the beginning of the Class Period, Azure issued a press release reporting its Fiscal 2021 annual and Q4 2021 financial results for the period-ended March 31, 2021. In the June 15, 2021 press release, Defendants falsely touted an annual 20% increase in megawatts operating and related 16% increase in annual 2021 revenue:¹⁶

Fiscal Fourth Quarter 2021 Period Ended March 31, 2021 Operating Highlights:

• **Megawatts ("MW") Operating* were 1,990 MWs, as of March 31, 2021, an increase of 20% over March 31, 2020. Operating, Contracted & Awarded MW* were 6,955 MWs, as of March 31, 2021.** Contracted & Awarded megawatts include 4,000 MWs for which we have received Letters of Award ("LOA") but the Power Purchase Agreements ("PPAs") have not yet been signed.

• **Operating revenues for the quarter ended March 31, 2021 were INR 4,271 million (US\$ 58.4 million), an increase of 16% over the quarter ended March 31, 2020.** We estimate that our revenues were negatively impacted by approximately INR 50 million (US\$ 0.7 million) on account of lower insolation, as compared to our forecast for the quarter.

89. In the June 15 press release, Defendants further reported as "Key Operating Metrics" that falsely inflated electricity generation for the quarter and year:

Key Operating Metrics

Electricity generation during the quarter and fiscal year ended March 31, 2021 was 1,058 million kWh and 3,495 million kWh, respectively, an increase of 190

¹⁶ All of the Company's press releases and all of the documents it filed with the SEC during the Class Period were concurrently published on the Company's Investor Relations webpage.

million kWh or 21.9 %, over the quarter ended March 31, 2020, and an increase of 626 million kWh, or 21.8%, over the year ended March 31, 2020.

We commissioned 156 MWs AC (240 MWs DC) during the three months ended March 31, 2021, and 335 MWs AC (506 MWs DC) during the fiscal year ended March 31, 2021, including the 6 MWs and 10 MWs (both AC & DC) that we commissioned for our rooftop portfolio for the quarter and fiscal year ended March 31, 2021, respectively.

90. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there was affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.
- (b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.
- (c) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption, and compliance “processes and [] standards have been

violated” and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.

(d) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and liquidated damages under the customer PPA estimated at US \$5.2 million.

(e) Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.

(f) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

II. June 16, 2021 Earnings Call

91. The next day, on June 16, 2021, Azure held an earnings call to discuss the Company’s Fiscal Q4 and annual 2021 financial results. During the June 16, 2021 Earnings Call, Defendants reported the same false and misleading financial results as reported in the June 15, 2021 press release.

92. During the June 16, 2021 Earnings Call, Defendant Gupta also touted Azure’s purported “focus” on safety:

Sustainability and ESG are key to the success of our business at Azure. We highlighted our ISO 45001 certification last quarter, **which demonstrates Azure’s**

focus on occupational health and safety and validates additional efforts we put in to make our workplaces safe for our team members and contractors....

93. Defendant Subramanian echoed defendant Gupta claiming Azure indisputably provides a “**safe**” workplace, stating: “we have got a strong AA rating from MSCI for ESG and obtained the ISO 45001 certification, **which verifies that Azure Power provides a safe and healthy workplace.**”

94. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because, as Defendants confirmed in the August 29, 2022 press release and during the August 31, 2022 special call, (“Special Call”) Azure “discovered deviations from safety and quality norms” requiring Azure to “strengthen our safety and quality protocols at this plant but also across our other operations.”

III. The 2021 Form 20-F

95. On July 28, 2021, Azure filed its 2021 Form 20-F with the SEC for the period ended March 31, 2021, signed by Defendants Gupta and Agrawal. The 2021 Annual Report reaffirmed the previously reported false financial results claiming Azure had a combined capacity rating of 1,990 megawatts, when in reality, the megawatt operating data had been manipulated:

As of March 31, 2021, we operated 45 utility scale projects **with a combined rated capacity of 1,990 MWs. As of such date, we were also constructing projects with a combined rated capacity of 965 MWs.**

96. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022 August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there was affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a

“failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.

- (b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.
- (c) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption, and compliance “processes and [] standards have been violated” and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.
- (d) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and liquidated damages under the customer PPA estimated at US \$5.2 million;

(e) Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years; and

(f) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

97. The 2021 Form 20-F also falsely stated that Azure’s internal controls over financial reporting were effective:

Management has assessed the effectiveness of our internal control over financial reporting as of March 31, 2021 and has concluded that such internal control over financial reporting is effective.

98. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.

99. In addition, the 2021 Form 20-F purported to warn that employees may engage in “fraud or other misconduct,” which could adversely affect Azure’s business when, in fact, the risk of employee misconduct and data manipulation that materially impacted Azure’s business and operations had already occurred:

Any damages caused by fraud or other misconduct by our employees could adversely affect our business, results of operations and financial condition.

100. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there was affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.
- (b) Defendants admitted on August 1, 2022, that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.
- (c) The purported risk being warned of had already occurred.
- (d) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

IV. First Quarter 2022 Financial Results Press Release on August 30, 2021

101. On August 30, 2021, Defendants issued a press release announcing Azure’s Fiscal first quarter 2022 financial results for the period-ending June 30, 2021. The August 30, 2021 press release falsely reported inflated megawatts operating and revenue as follows:

Fiscal First Quarter 2022 ended June 30, 2021 Operating Highlights:

- **Megawatts (“MW”) Operating* were 2,052 MWs,** as of June 30, 2021, an increase of 23% over June 30, 2020....
- **Operating revenues for the quarter ended June 30, 2021 were INR 4,440 million (US\$ 59.7 million), an increase of 13% over the quarter ended June 30, 2020.**

102. In the August 30, 2021 press release, Defendants further reported as Key Operating Metrics, electricity generation for the quarter representing a 25.8% increase over the same quarter of 2020:

Key Operating Metrics

Electricity generation during the quarter ended June 30, 2021 was 1,112 million kWh, an increase of 228 million kWh or 25.8%, over the quarter ended June 30, 2020. The increase in electricity generation was principally a result of an additional 396 MWs of AC (569 MWs DC) operating capacity, including our Rooftop Portfolio commissioned since June 30, 2020. Our Plant Load Factor (“PLF”) for the quarter ended June 30, 2021, was 23.7%, compared to 23.1%, for the same comparable periods in 2020, which increased principally due to the addition of AC and DC capacity in high insolation locations and improved performance by our plants.

103. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there was affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption

and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.

(b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.

(c) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption, and compliance “processes and [] standards have been violated” and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.

(d) Defendants disclosed in the January 25, 2023 press release that Azure’s reported megawatts operating for Fiscal 2022 was overstated and, accordingly, it had to be “adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistle-blower allegations” downward to 2,666 MWs operating.

(e) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and

liquidated damages under the customer PPA estimated at US \$5.2 million;

- (f) Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years; and
- (g) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

V. First Quarter Financial Results Earnings Call on August 31, 2021

104. On August 31, 2021, Azure held its Fiscal first quarter 2022 earnings call. During this call Defendant Subramanian represented that Azure ensured a culture of safety and compliance:

We highlighted our ISO-45001 certification earlier this year, **which demonstrates Azure’s focus on occupational health and safety.**

I’m happy to report we have also recently won the Greentech Effective Safety Culture Award for 2021 from Greentech Foundation, **which signifies the efforts we have put in to ensure safety culture is embedded across our project locations and sites.**

105. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because, as Defendants confirmed in the August 29, 2022 press release and during the August 31, 2022 special call, Azure “discovered deviations from safety and quality norms” requiring Azure to “strengthen our safety and quality protocols at this plant, but also across our other operations.”

106. Defendant Agrawal falsely stated during the August 31, 2021 Earnings Call that Azure increased operating megawatts by 23% as compared to the prior year:

Thank you, Murali. Turning to Page 9. As of 30 June 2021, **we were operating 2,052 megawatts on a PP or AC basis, which is 23% higher than what we were operating a year before. Our portfolio of 6,955 megawatts remained stable from the previous quarter.** While these portfolio megawatt numbers exclude Rooftop portfolio, which is in the process of getting transferred to Radiance, our financials number continue to consolidate Rooftop till the transfer process is completed.

107. Defendant Gupta further represented that Azure had achieved the upper end of its guidance, stating in pertinent part:

Thanks, Pawan. I'm very happy to report that despite major disruptions during the quarter due to COVID, **we have been able to achieve upper end of both our revenue and PLF guidance for this quarter provided during last quarter.** Even though we have just started on the recovery path from the second wave as of now. We would reiterate our numbers for the current fiscal, but we keep the market posted in our upcoming updates. For second quarter '22, we expect the revenue to be between INR 3,600 million and INR 3,800 million and the PLF to be between 20.5% to 21.5%. With this, we will be happy to take questions. Thank you very much.

108. The above statements were materially false, misleading, and/or lacked a reasonable basis when made, because:

(a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there was affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation

into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.

- (b) Defendants admitted in the January 25, 2023 press release that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.
- (c) Defendants disclosed in the January 25, 2023 press release that Azure’s reported megawatts operating for Fiscal 2022 was overstated and, accordingly, it had to be “adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistle-blower allegations” downward to 2,666 MWs operating.
- (d) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption, and compliance “processes and [] standards have been violated” and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.
- (e) Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.
- (f) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

VI. Second Quarter 2022 Financial Results Press Release on December 10, 2021

109. On December 10, 2021, Azure issued a press release announcing the Company's second quarter 2022 financial results for the period-ending September 30, 2021. The December 10, 2021 press release falsely reported a 31% increase in megawatts operating and a 25% increase in revenue:

Fiscal Second Quarter 2022 Period ended September 30, 2021 Operating Highlights:

• Megawatts ("MW") Operating* were 2,210 MWs, as of September 30, 2021, an increase of 31% over September 30, 2020. Operating, Contracted & Awarded MWs* were 6,955 MWs, as of September 30, 2021...

• Operating revenues for the quarter ended September 30, 2021 were INR 4,386 million (US\$ 59.1 million), an increase of 25% over the quarter ended September 30, 2020.

110. Defendants also reported in the December 10, 2021 press release as Key Operating Metrics, a 30% and 28% increase in electricity generation for the quarter and six months ended September 30, 2021, respectively:

Key Operating Metrics

Electricity generation during the quarter and six-months ended September 30, 2021 was 1,001 million kWh and 2,113 million kWh, respectively, an increase of 231 million kWh or 30%, over the quarter ended September 30, 2020, and an increase of 460 million kWh or 28%, over the six months ended September 30, 2020. The increase in electricity generation was principally a result of an additional 529 MWs of AC (728 MWs DC) operating capacity, including our Rooftop portfolio commissioned since September 30, 2020.

Our Plant Load Factor ("PLF") for the quarter and six month ended September 30, 2021, was 20.2% and 21.9%, compared to 18.8% and 20.8%, respectively, for the same comparable periods in 2020, which increased principally due to the addition of AC and DC capacity and improved performance by our plants, including Rooftop portfolio. Our Plant Load Factor ("PLF"), excluding rooftop portfolio, for the quarter and six month ended September 30, 2021, was 21.1% and 22.9% respectively.

We commissioned 158 MWs AC (188 MWs DC) during the three months ended September 30, 2021 and 220 MWs AC (252 MWs DC) during the six months ended September 30, 2021 against 25 MWs AC (25 MWs DC) during the comparative three months and 26 MWs AC (28 MWs DC) during the six months ended September 30, 2020.

111. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there was affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.
- (b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.
- (c) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption and compliance “processes and [] standards have

been violated” and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.

- (d) Defendants disclosed in the January 25, 2023 press release that Azure’s reported megawatts operating for Fiscal 2022 was overstated and, accordingly, it had to be “adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistle-blower allegations” downward to 2,666 MWs operating.
- (e) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and liquidated damages under the customer PPA estimated at US \$5.2 million;
- (f) Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years; and
- (g) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

VII. Second Quarter 2022 Financial Results Earnings Call on December 13, 2021

112. On December 13, 2021, Azure held its fiscal first quarter 2022 earnings call. During the December 13, 2021, Defendants repeated the same false financial results as in the December 10, 2021 press release:

As of September 30, 2021, **we were operating 2,210 megawatts on a PPA or AC basis, which is 31% higher than what we were operating a year before.** Our portfolio was stable at 6,955 megawatts at the end of quarter, which further increased to 7,255 megawatts subsequent to the quarter end with our recent wins.

113. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there is affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.
- (b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.

- (c) Defendants disclosed in the January 25, 2023 press release that Azure's reported megawatts operating for Fiscal 2022 was overstated and, accordingly, it had to be "adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistle-blower allegations" downward to 2,666 MWs operating.
- (d) Defendants admitted in the August 31, 2022 Special Call that Azure's ethics, anti-corruption and compliance "processes and [] standards have been violated" and in the January 25, 2023 press release admitted that their investigation "for anti-corruption and related compliance issues" spans over a three-year period.
- (e) Defendants admitted on January 25, 2023 that they identified "several material weaknesses" in Azure's internal control over financial reporting for the prior three years.
- (f) As a result of the foregoing, Azure's business and financial conditions were materially worse than represented.

114. In addition, Defendant Subramanian falsely stated that Azure had successfully commissioned megawatts for its Rajasthan 6 and 8 projects:

We commissioned 158-megawatt AC capacity and 188-megawatt DC capacity during the quarter. As of today, we have completed and commissioned 500 megawatts out of 600 megawatts in our Rajasthan 6 project and balance 100 megawatts is to be commissioned in this month. We also commissioned 150 megawatts in our Rajasthan 8 project subsequent to quarter end and are now in advanced stages to commission the balanced capacities in the project in the current quarter. Even though construction work on the 300-megawatt Rajasthan 9 was impacted due to supply-related challenges, the team has rallied and we are confident that we will meet the promised time lines.

115. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and liquidated damages under the customer PPA estimated at US \$5.2 million.
- (b) Defendants admitted on August 1, 2022 that they “spent considerable resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.
- (c) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

116. Defendant Subramanian further claimed Azure ensured compliance with safety policies and regulations:

I’m happy to report we have also recently won the Greentech Effective Safety Culture Award for 2021 from the Greentech Foundation and the OHS Award from Grow Care India in these areas, **which signifies the efforts we have put in to ensure safety culture, which is now embedded across the project locations and sites.**

Further, we have also successfully completed the surveillance audits for our ISO 9001 and ISO 14001 certification, signifying our continuous focus and improvement on our quality and environment management systems.

117. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because, as Defendants confirmed in the Company’s August 29, 2022 press release, and on the August 31, 2022 Special Call, Azure “discovered deviations from safety and

quality norms” requiring Azure to “strengthen our safety and quality protocols at this plant, but also across our other operations.”

VIII. Third Quarter 2022 Financial Results Press Release

118. On February 25, 2022, Azure issued a press release announcing its Fiscal third quarter 2022 financial results for the period-ending December 31, 2021 reporting a purported 37% increase in megawatts operating and 27% increase in revenue as compared to the same quarter in the prior year:

Operating Highlights:

• Megawatts (“MWs”) Operating* were 2,523 MWs, as of December 31, 2021, an increase of 37% over December 31, 2020. Operating, Contracted & Awarded MWs* were 7,425 MWs, as of December 31, 2021.

Contracted & Awarded megawatts included 1,537 MWs for which we had received Letters of Award (“LOA”), but the Power Purchase Agreements (“PPAs”) had not been signed as of December 31, 2021.

• Operating revenues for the quarter ended December 31, 2021, were INR 4,480 million (US\$ 60.2 million), an increase of 27% over the quarter ended December 31, 2020.

119. Defendants also reported in the February 25, 2022 press release as Key Operating Metrics a 36% and 31% increase in electricity generation for the quarter and nine months ended December 31, 2021, respectively:

Key Operating Metrics

Electricity generation during the quarter and nine-months ended December 31, 2021, was 1,068 million kWh and 3,181 million kWh, respectively, an increase of 284 million kWh or 36%, over the quarter ended December 31, 2020, and an increase of 744 million kWh or 31%, over the nine months ended December 31, 2020. The increase in electricity generation was principally a result of an additional 689 MWs of AC (805 MWs DC) operating capacity, including our Rooftop portfolio commissioned since December 31, 2020.

Our Plant Load Factor (“PLF”) for the quarter and nine months ended December 31, 2021, was 19.6% and 21.1%, compared to 19.3% and 20.1%, respectively, for

the same comparable periods in 2020, which increased principally due to the addition of AC and DC capacity and improved performance by our plants, including Rooftop portfolio. Our Plant Load Factor (“PLF”), excluding rooftop portfolio, for the quarter and nine months ended December 31, 2021, was 20.5% and 22.0% respectively.

We commissioned 313 MWs AC during the three months ended December 31, 2021, and 533 MWs AC during the nine months ended December 31, 2021, against 153 MWs AC (236 MWs DC) during the comparative three months and 179 MWs AC (264 MWs DC) during the nine months ended December 31, 2020.

120. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there is affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.
- (b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.
- (c) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption and compliance “processes and [] standards have been violated”

and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.

- (d) Defendants disclosed in the January 25, 2023 press release that Azure’s reported megawatts operating for Fiscal 2022 was overstated and, accordingly, it had to be “adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistle-blower allegations” downward to 2,666 MWs operating.
- (e) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and liquidated damages under the customer PPA estimated at US \$5.2 million;
- (f) Defendants admitted on August 1, 2022 that they “spent considerable time and resources analyzing, documenting and testing its system of internal controls,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.
- (g) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

IX. Third Quarter 2022 Financial Results Earnings Call

121. On February 28, 2022, Azure held its fiscal third quarter 2022 earnings call. During this call Defendant Gupta confirmed the false and misleading financial information provided in the February 25, 2022 press release:

We continue to see steady improvements on key operational parameters we report. **We had 37% more megawatts operating in quarter 2 – quarter 3 this year than we did at the same time last year.** There has been a 27% year-on-year increase in EBITDA from our operating assets and a 58% increase in cash flow to equity from operating assets during the quarter.

122. Defendant Agrawal echoed Gupta’s remarks and touted Azure’s performance as purportedly exceeding the “upper end of our revenue guidance:”

Thank you, Murali. I’m happy to report that we have exceeded upper end of our revenue guidance for this quarter as well, with revenues of \$60.2 million or \$58.8 million, excluding Rooftop, as against the guidance range of \$55.3 million to \$58 million.

As of December 31, 2021, we were operating 2,523 megawatts on a PPA or AC basis, which is 37% higher than what we were operating a year before. Our portfolio was at 7,425 megawatts at the end of the quarter, which includes signed PPAs for 2,933 megawatts and another 1,537 megawatts for which PPAs are awaited.

123. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) As Defendants admitted on August 29, 2022, August 31, 2022, December 30, 2022, and January 25, 2023, for the last three years, there is affirmative “evidence of manipulation and misrepresentation of project data by some employees,” including “corrupt payments” and a “failures to provide accurate information both internally and externally” related to at least four projects, which Defendants viewed as “serious issues,” and resulting in Azure expanding its investigation to reviewing all “projects and contracts over a three-year period

for anti-corruption and related compliance issues,” as well as an investigation into “a corruption allegation against certain former executives.” Defendants’ review is ongoing, and its results are being reported to the SEC and DOJ.

- (b) Defendants admitted in the December 30, 2022 Form 6-K that during the Class Period, certain employees engaged in “mismanagement of funds for the project and inaccurate record keeping,” thereby evidencing a lack of compliance with ethics policies and processes.
- (c) Defendants admitted in the August 31, 2022 Special Call that Azure’s ethics, anti-corruption and compliance “processes and [] standards have been violated” and in the January 25, 2023 press release admitted that their investigation “for anti-corruption and related compliance issues” spans over a three-year period.
- (d) Defendants disclosed in the January 25, 2023 press release that Azure’s reported megawatts operating for Fiscal 2022 was overstated and, accordingly, it had to be “adjusted for inconsistencies in MWs reported as identified by the Group through its review of 2022 whistle-blower allegations” downward to 2,666 MWs operating.
- (e) Defendants admitted on August 1, 2022 that they “spent considerable time and resources analyzing, documenting and testing its system of internal control,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.
- (f) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

124. On the same call, defendant Subramanian falsely stated that the delay in commission was due to supply related issues:

Our largest project, 7,600-megawatt Rajasthan 6, is now fully commissioned, and we expect it to deliver superior performance to our portfolio from the next fiscal onwards. The second 300-megawatt Rajasthan 8 is also in line to be fully commissioned shortly. And even though Rajasthan 9 was impacted due to supply-related challenges, we will persevere. While this is about our under construction projects, we are very excited about our 4-gigawatt projects where we now have signed PPAs for almost 3 gigawatts, and we look forward to bringing these up to shovel-ready stage very quickly.

125. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because:

- (a) Defendants admitted in the January 25, 2023 press release that, with respect to at least one customer, Azure incurred “shortfalls in generation” from not “timely commissioning [] the full capacity required under the PPA,” resulting in “shortfalls in generation,” subjecting the Company to overstating reported megawatts and liquidated damages under the customer PPA estimated at US \$5.2 million;
- (b) Defendants admitted on August 1, 2022 that they “spent considerable time and resources analyzing, documenting and testing its system of internal control,” and later admitted on January 25, 2023 that they identified “several material weaknesses” in Azure’s internal control over financial reporting for the prior three years.
- (c) As a result of the foregoing, Azure’s business and financial conditions were materially worse than represented.

126. During the February 28, 2022 Earnings Call, defendant Subramanian also touted Azure’s “safety culture” and purported significant “efforts in this area:”

We are extremely proud of where we play in ensuring a better world for our communities, which are so important for our business. Similarly, safety is one aspect that is paramount to us. The awards that we won for our safety culture, as I reported last time, demonstrate our efforts in this area. We continue to be rated highly on ESG, with AA rating by MSCI and low-risk categorization by Sustainalytics.

127. The above statements were materially false, misleading, and/or lacked a reasonable basis when made because, as Defendants confirmed in the Company's August 29, 2022 press release, and in the August 31, 2022 Special Call, Azure "discovered deviations from safety and quality norms" requiring Azure to "strengthen our safety and quality protocols at this plant, but also across our other operations."

THE TRUTH IS REVEALED

I. April 26, 2022 Form 6-K Announcing Defendant Gupta and Subramanian's Sudden Departures

128. On April 26, 2022, just days before Azure would formally receive the Second Whistleblower Complaint, Azure issued a Form 6-K, signed by defendant Rosling. The April 26, 2022 Form 6-K attached a press release titled *Azure Power Announces Resignation of Ranjit Gupta as Chief Executive Officer and Murali Subramanian as Chief Operating Officer*, announcing that Defendant Gupta would be resigning as CEO and a Board member, and Defendant Subramanian would be resigning as COO "to pursue other opportunities." The April 26, 2022 press release stated that defendant Rosling, Chairman of the Board, would "oversee the Company in the interim" while the Board searches for a new CEO.

129. Upon the news, the price of Azure's equity shares dropped \$1.73 per share from a closing price of \$14.66 per share on April 25, 2022 to \$12.93 per share on April 26, 2022.

II. August 16, 2022 Amended Form 12b-25 Notification of Late Filing

130. On August 16, 2022, Azure filed an Amended Form 12b-25 Notification of Late Filing with the SEC, signed by Defendant Agrawal, stating for the first time not only that Azure was unable to file its 2022 Form 20-F by the Extended Due Date, but also that the Company's internal controls were so bad that Defendants could not provide a date for when they could file Azure's 2022 Form 20-F, stating, in pertinent part:

Azure Power Global Limited (the "Registrant") was not able to file its Annual Report on Form 20-F for the year ended March 31, 2022 (the "Form 20-F") within the initial prescribed time period. The Registrant previously filed a Form 12b-25 on August 1, 2022 (the "Original Notice"). As indicated in the Original Notice, the Registrant intended to file the Form 20-F on or before the fifteenth calendar day following the due date of the Form 20-F (the "Extended Due Date"). However, the Registrant no longer expects to file the Form 20-F by the Extended Due Date.

The delay in filing the Form 20-F is due to Registrant's ongoing review of its internal control and compliance framework. These matters are being progressed with the assistance of the Registrant's advisers. The Registrant is making all efforts to file its Form 20-F as soon as practicable.

The Registrant anticipates a significant change in its results of operations for the twelve-month period ended March 31, 2022, as compared to the twelve-month period ended March 31, 2021. The Registrant is a growing company with significant increase in operating capacity during the current year. Also, this is the first year of no emerging growth exemption as the Registrant completed its fifth anniversary during the fiscal 2022 from the first sale of common equity shares. A reasonable estimate of the results of operations could not be made as of the current date as the Registrant's accountants are still preparing the registrant's results of operations and consolidated accounts for the group.

131. Upon the news, the price of Azure's equity shares declined from a closing price of \$12.25 on August 15, 2022 to close at \$11.25 on August 16, 2022.

132. Thereafter, on August 24, 2022, Analyst Varun Ahuja of J.P. Morgan, published a report stating that Mr. Ahuja's recent call with management "was not helpful in allaying investor concerns, as no new information was given about the financial reporting delays. The call raised

more concerns about worst-case scenarios rather than providing any answers, based on our subsequent conversations with investors.” The report indicated that “issues” relating to “corporate governance on project execution” were a potential cause of the Company’s delay in filing the 2022 Form 20-F.

III. The August 29, 2022 Press Release

133. On August 29, 2022, before the market opened, Azure shocked the market when it announced yet another CEO resignation, disclosing that CEO Harsh Shah, who started at Azure not even two months prior in July 2022, resigned, effective immediately. Defendants provided no explanation for Shah’s sudden departure and characterized it as an “unexpected decision.” The same day, in a second press release, Azure announced the appointment of Rupesh Agarwal as Acting CEO as a replacement for Harsh Shah. Azure also stated its Board will consider new appointments for a permanent CEO “in due course.”

134. Also revealed in the second August 29, 2022 press release, Azure stated that it had received the Second Whistleblower Complaint *in May 2022*—months earlier—but failed to disclose until the end of August. In the August 29, 2022 press release, Defendants revealed that the Second Whistleblower Complaint alleged, among other things, “potential procedural irregularities and misconduct by certain employees at a plant belonging to one of its subsidiaries:”

WHISTLEBLOWER ALLEGATIONS

The Company received a whistleblower complaint in May 2022 alleging potential procedural irregularities and misconduct by certain employees at a plant belonging to one of its subsidiaries. As part of the Company’s review of these allegations, it discovered deviations from safety and quality norms, and it has implemented mechanisms to remediate them and in so doing strengthen safety and quality protocols. Azure’s Audit Committee, with the assistance of legal counsel and forensic accounting support, also identified evidence of manipulation of project data and information by certain employees. The Company is implementing immediate remedial measures, and Azure is initiating disclosure of the findings to the appropriate authorities.

135. In the same press release, Azure unsurprisingly again announced further delays in the filing of its 2022 Form 20-F annual report:

Following its August 12, 2022, announcement of a delay in the filing of the Company's annual report on Form 20-F for the financial year ended March 31, 2022 ("FY 2021-22"), the Company reiterates that it is working in close consultation with its advisers to close its annual accounts. At this point, the Company is unable to give a firm timeline for submission of its Form 20-F for FY 2021-22.

136. On this news, the price of the Company's equity shares fell \$4.61, or 44%, to close at \$5.85 per equity share on August 29, 2022, on unusually heavy trading volume.

137. On August 29, 2022 RBC Capital Markets analyst Elvira Scotto, stated, "AZRE issued a press release with a number of updates, most of which were negative, including a CEO departure and the Audit Committee's identification of data manipulation at an AZRE subsidiary. AZRE shares are down ~44% on the news." Scotto further explains:

In May 2022 a whistleblower came forth with allegations of misconduct at a plant that is part of an AZRE subsidiary. An investigation revealed safety and quality issues at the plant. In addition, AZRE's Audit Committee found instances of data manipulation at the AZRE subsidiary. Management provided no further insight to what data certain employees had manipulated. In addition, AZRE has yet to file financials for FY22 or 1Q23 and has no firm timeline available for filing.

138. In his August 30, 2022 report, analyst Maheep Mandloi of Credit Suisse found the whistleblower allegations "concerning," explaining, "After a whistleblower complaint at one power plant, the company identified deviations in safety norms and evidence of project data manipulation by some employees. Management hasn't shared any other detail at this time on the potential impact and the prevalence of said issue across other plants."

139. Sadif Investment Analytics also issued a report on August 29, 2022 stating, "Azure Power Global Ltd has a dark prospect...Overall the company is rated as high risk." Sadif found

that Azure was “significantly below the sector average and below its top 3 ranked competitors in terms of business similarity[.]”

140. On August 30, 2022, Analysts Justin Clare and Philip Shen from Roth Capital Partners placed Azure shares under review, explaining that “[w]e are moving AZRE to Under Review from Buy as AZRE continues to be delayed in filing its 20F for financial year ended March 31, 2022 and is unable to provide a timeline for submission.”

141. On August 31, 2022, Azure and Individual Defendants Rosling, and Agrawal held a “Special Call” with investors. Throughout the call, Defendant Rosling made it clear to frustrated analysts and investors that he would not provide any further details relating to the whistleblower complaint.

142. Instead, Defendant Rosling demurred about the whistleblower complaint and the sudden departure of Harsh Shah:

Let me now turn to the whistleblower issue that you referred to in the press note, which was received in May this year, and anonymous was whistleblower allegation. The complaints, and *there were 3 strands to the original complaint, had led to certain potential procedural irregularities and misconduct by 2 employees at a single plant belonging to one of our subsidiaries.* As part of the company’s review of these allegations, *we discovered deviations from safety and quality norms at the facility, and the company’s executive management immediately took action to influence mechanisms to remediate these health and safety issues,* and in so doing, to strengthen our safety and quality protocols at this plant, but also across our other operations.

Safety is genuinely paramount for us. We’ve got every Board meeting since I joined with health and safety. We do not tolerate lapses from our health standards and safety so that we can be confident that all of our employees return safely to their families each day after work.

And then secondly, *Azure’s Audit Committee with the assistance of legal counsel and forensic accounting support, carried out an investigation into another of the strands of the whistleblower allegations and indeed identified evidence of manipulation of project level data and information by certain employees.* This is just unacceptable, and the company has implemented immediate remedial measures and has initiated the disclosure of such findings to the appropriate authorities.

On the matter of our loss of our CEO, Harsh, I would like to reemphasize what we said in the press note *that Harsh's resignation was unexpected and regrettable*. I have to say, I wish him well going forward *in the place that he has now landed*. However, I would like to introduce all of you to Rupesh Agarwal, our Acting CEO.

143. In response to Defendants' commentary, Analyst Justin Lars Clare of ROTH Capital Partners, inquired about whether the data manipulation affected costs:

So first off here, I was just wondering, could you share what kind of project data and information was manipulated? *Was this energy generation data or revenue or costs?* And then just wanted to understand the scope of the issue. *How many projects may have had data manipulated?* Was this one project or was this more widespread across multiple projects? And then *are there implications here for your financial reporting?* Could you have *overstated revenues or earnings?* And is there a risk that you may have to restate financials here?

144. Defendant Rosling claimed that the Second Whistleblower Complaint purportedly affected a single project, and that the data manipulation did not cause any overstating of past income:

First of all, *this relates to a single project only*. I am, as you'll understand -- look, I'm sorry to keep falling back on this, but you'll understand the position we're in. I can't go into the details of the allegations and what we found in the inquiry because you can imagine the process we're going through and the next steps that we may have to do. But what I can say is it relates to -- the whistleblower complaint related *to a single project, a very small number of employees*. I can't go into the details of exactly what we discovered. I'm afraid, I regret that.

There is, as far as we know, not a question of overstating [past] income. And I think I better stop there because you understand that this process has still got some legs to it.

145. A request for more detail about the whistleblower complaint from Maheep Mandloi of Credit Suisse was met with a firm answer that Azure's processes were violated and there were serious issues:

Credit Suisse: First, just on the whistleblower allegation and understand the limited clarity can give at this stage. But could you just talk about which -- what are the potential implications? Is it something where you could see fines from the Indian government counter parties? Or is it just the restatement, which is the risk here?

And secondly, for Rupesh, my question on strategy as, Rupesh, you've been around for few months here. So any clarity or any thoughts on the strategy for the business going forward here?

Defendant Rosling: Maheep, look, at this point, *we have found that our processes and our standards have been violated*. And that's what we focus. So we refuse to have standards of compliance and behavior, which falls below our processes and our ethics and our beliefs.

The questions you go on to ask about the consequences of the robust way in which we are handling this and the way *we are coming forward to talk to appropriate authorities*, that I can't answer at this point. The only thing we're focused on is doing the right thing, addressing what we've discovered, ensuring that no such thing can reoccur. And I apologize again that getting dragged into the details of these particular cases just beyond what we can do at this stage.

So we have got a road map in place, which Rupesh has been working on since he joined us. The Board has been -- have been engaged in. And the sort of the sort of blip that we're facing now, *the challenges we're facing average, I do not underestimate, I do not want to underscore how there are serious issues, which we are taking seriously*. But we need to look through them. We need to drive through them. We need to solve them so that we can get to that strategic opportunity that Rupesh is referring to."

146. Analyst Puneet J. Gulati from HSBC, Research Division asked whether the safety issues and the data issues occurred at the same project:

So my first question is -- you've talked about 2 aspects: *one was misrepresentation of data; and second was deviation in quality and safety norms. Do they relate to the same project? Or are there separate projects under question here?* And if you can also comment on the materiality of these deviations and with the presentation.

147. Defendant Rosling again responded that he could not speak to the materiality, but confirmed that both the complaint about safety and the complaint about data manipulation, occurred at a single project:

The materiality, I don't think I can at this stage for the same reasons I keep referring back to, and I apologize again for not being able to be as open and transparent as we would like to be. It is just too difficult, as you can imagine, with the position we're in.

Last year, we had a couple of whistleblower allegations, which you -- we disclosed to the market. Almost-- several of them, most of which we turned out not to have substance that led us to review the processes and systems we have, the handling of whistleblowers. *So in this case, we have a single whistleblower, about a single project who made a number of separate allegations. The one was around health and safety at the site and one was about the incorrect reporting upwards of information.*

The first one, as I said earlier on, about *health and safety*. When -- the process is when we get one of these whistleblower allegations the Audit Committee Chairman is immediately notified. Internal audit take a first look to see whether there might be substance. And if it is, we can deal with the matter either by dismissing it because it doesn't have any truth or we'd handle it internally, we do so. Otherwise, its protocol is we need to have an independent third-party investigation.

So in this case, on the health and safety, we determined ourselves immediately that *there was substance of some of the things that whistleblower* the same about the site, and *we took immediate remedial action at that site*. And indeed, as I said, cascade it the learning across because health and safety is never, as you understand, a single thing. You keep going, you keep going because people [are] people and standards people forget and don't do things, and we [all do it in] our own [daily] lives.

The second set of *allegations around the data*, because it was in the nature of an allegation of that nature, *we immediately commissioned an independent party*. Some of you have asked us on the e-mails *why it's taken time since when the whistleblower submitted his complaints to us concluding this part of the investigation and disclosed to the market*.

Frankly, these things take time *to commission an independent law firm*, for them to do their process to go through all of the electronic information they need to do, it takes some time. So they are *a single whistleblower with a number of strands, one of which we had to bring an independent party and some forensics to get to the bottom of*.

148. Puneet J. Gulati, followed up, confirming, "So single whistleblower and single project is what I should take it away from." To which Alan Rosling stated, "That's right. That's correct." Puneet J. Gulati, then asked about the CEO departures:

Is the CEO departure in any way linked to this? And number two, why is there a notice period prior to CEO departures? Management transition offers still a bit of time, and both your previous CEOs left without notice or the stake was informed on the last year -- so if you can comment on that.

149. Defendant Alan Rosling responded that confidentiality prevents him from disclosing the entire situation, but claimed that Harsh Shah's departure was for personal reasons:

The 2 CEOs that have left us in the last 2 months are entirely different cases. In the case of Harsh Shah, he came to me with a very personal request to be released. I'm afraid, again, I'm going to have to say for reasons of confidentiality and contract and my understanding within, I don't -- I cannot be drawn on these personal reasons. But I -- as I say, *you've probably seen what -- where Harsh has landed*. And as I said, I wish him well.

150. Analyst Varun Ahuja of J.P. Morgan, was concerned about how the sudden outpouring of negative information looks to the market and noted the timeline of events, and inquired why the whistleblower complaint was not disclosed earlier:

The sequence of events available happened. *It clearly is giving a [signal] to the market that the issue is significantly bigger than what hopefully it actually is*. So, my question for you is more on the [governance] part that Harsh coming in after CEO and COO left, clearly, he would have at least been in the know-how or should have been in the know-how as to what are the implications because he joined in July and the whistleblower allegation was in May. So, despite that -- so we would naturally I presume would have been aware of this issue. So my question on that [governance] front is when Harsh left, it seems like it was -- is the actual issue much bigger than what we thought at the time of his joining?

And then just on that, why was this whistleblower issue not highlighted just a week back when he did the call, and it was always said that the results delayed because of the 5-year change, then actually the [PIL] and the whistleblower issue should have been mentioned then and there itself. So, the sequence of events from a governance perspective is creating a lot of panic in the market. Alan, if you could comment on that. So those will be my questions.

151. Defendant Rosling revealed there was wrongful treatment of information, but again stated that they cannot comment on the investigation:

Look, Varun, we cannot comment until an investigation is complete. I think you'll understand. So the part of the whistleblower complaint, ***which related to wrongful treatment of information***, was subject to a[n] independent third-party legal process commissioned from the major law firm. Until that exercise reports back, obviously, we can't disclose anything about it, and we can't take action.

So we are taking the first opportunity since the delivery of that work by the independent investigation to update you as our shareholders. Had, of course, we've

been in a normal course, we've been disclosing it in a 20-F. But sadly, that is not the case. That is not what we had hoped to be the case. But we're taking the first opportunity to disclose that this has happened.

152. Analyst Varun Ahuja of J.P. Morgan found the special call uninformative, stating, in his September 1, 2022 report, "Azure's investor call yesterday didn't bring out many details on aspects including the scale of the 'safety and control'; investigation, data manipulation and PIL, etc." Ahuja further wrote, "[g]iven the way the series of events is unfolding with piecemeal information coming out, *we think there would remain medium-term risk-premium* associated with Azure's bonds[.]"

153. Analyst Elvira Scotto of RBC Capital Markets downgraded Azure Power Global on September 1, 2022, to Sector Platform and added a speculative risk qualifier, because of "the uncertainty resulting from the significant delay in AZRE filing its Form 20F and the identification of data manipulation at one of its facilities." Ms. Scotto found the whistleblower allegations "concerning," because "AZRE did not provide any details on the type of data the employees manipulated, the affected plant, the potential ramifications nor any remediation efforts" explaining, "[d]ata manipulation is more concerning to us as we believe it implies lack of proper oversight controls at the plants. In addition, while the whistleblower allegations relate to a single plant, the veracity of data at other plants comes into question." Likewise, Ms. Scotto found Azure's failure to file the 20-F concerning, as she noted in her September 1, 2022 report, "[d]elay in Form 20F filing adds to uncertainty and raises going concern questions," and pointed out that "AZRE has not published financial data since 12/31/21, which limits visibility into AZRE's liquidity."

POST-CLASS PERIOD EVENTS

I. Azure Receives a Third Whistleblower Complaint Alleging Irregularities in Commissioning Procedures and Failure to be Transparent with the Market

154. On December 30, 2022 Azure filed a 6-K with the SEC, signed by Rupesh Agarwal, Azure's current Principal Executive Officer, which contained unaudited combined financial statements of Restricted Group II and Restricted Group III, for the year ending March 31, 2022, that were filed with the Singapore Stock Exchange, for the benefit of the bond holders. Buried on the last page of the Restricted Group-II financial statement was a disclosure about the whistleblower complaints, which claimed that none of the whistleblower allegations related to the Restricted Group, and if they did, neither the allegations nor the conduct affected the released financial statements:

During the year ending March 31, 2022, and subsequent to the year then ended, our Parent entity received whistle blower complaints alleging improper conduct impacting various operational matters. Consistent with the group's policy the matter was referred to the group's ethics committee and an investigation was initiated by the group's management with the support of outside advisors and the supervision of the Parent entity's Audit Committee. Based on the analysis prepared by management, *none* of the whistle blower allegations except as mentioned below relate to the Restricted Group; in any event, neither the allegations nor the conduct outlined below ***have any financial impact on these financial statements***.

155. However, Azure further dropped another bomb that there was *a third* whistleblower complaint received in September 2022, which concerned irregularities around the *commissioning procedures*, the land acquisition process, and the purposely vague issue of "other matters" (the "Third Whistleblower Complaint"):

Azure Power Thirty-Three Private Limited

The Parent entity received a whistle blower complaint in September 2022, alleging (1) *irregularities in commissioning procedures*, and (2) in land acquisition process *among other matters*. Consistent with the group's policy the matter was referred to the group's *ethics committee* and an investigation was initiated by the group's management with the support of outside advisors and the supervision of the Parent entity's *Audit Committee*. An investigation was carried out and *the findings*

concluded that the complaint was unsubstantiated. These complaints do not have any material financial impact on the financial statements.

156. This Third Whistleblower Complaint contained similar allegations as those contained in the First Whistleblower Complaint disclosed on July 28, 2021 relating to the acquisition of and use of land, which Defendants claimed had no basis. In addition, Azure disclosed “irregularities in commissioning procedures,” which expands what it previously identified as only “procedural irregularities.”

157. The 6-K for Restricted Group II section on Azure Power Uranus Private Limited also included information about the Second Whistleblower Complaint received by the “Parent Company,” “subsequent to fiscal year which ended March 31, 2022.” The 6-K disclosed that there was “improper conduct including mismanagement of funds” and “inaccurate record keeping” stating in pertinent part:

Azure Power Uranus Private Limited

The Parent Company received whistle blower complaint subsequent to the fiscal year which ended March 31, 2022, *alleging that the project manager engaged in improper conduct including mismanagement of funds for the project and inaccurate record keeping.* Consistent with the group’s policy the matter was referred to the group’s ethics committee and an investigation was carried and appropriate action has been taken *including termination of the employee, and blacklisting of the manpower vendor.* Company’s management concluded that there are no material financial impact as a result of the related conduct on the financial statements.

158. Tellingly, Azure indicated that a “project manager engaged in improper conduct, including mismanagement of funds for the project and inaccurate record keeping,” yet at the same time, again conducted a full investigation and affirmed that there was no material financial impact as a result of the conduct.

II. The January 25, 2023 Press Release Revealing an Avalanche of Negative Updates

159. On January 25, 2023, Azure issued a Form 6-K entitled, “Update on Recent Developments” and signed by Rupesh Agarwal, Azure’s current Principal Executive Officer, which revealed further details about the whistleblower complaints and other recent negative events plaguing the Company. First, according to the January 25, 2023 press release, Azure still has not completed the audited consolidated financial statements for Fiscal 2022 or filed the 2022 Form 20-F with the SEC, subjecting Azure to substantial risks, including delisting of the Company’s shares from the NYSE, covenant defaults, and acceleration under its green bonds, all of which material affect the business:

The Company has not yet filed the Form 20-F. In accordance with SEC rules, the Company is now unable to file new short-form Form F-3 registration statements (including shelf registration statements) for 12 months which may limit the Group’s financing options and could also result in the delisting of the Company’s shares from the NYSE.

In addition, the Company’s delay in filing the Form 20-F violates NYSE listing rules. On December 7, 2022, the Company received notice from the NYSE regarding its delayed filing and that the NYSE will closely monitor the status of its late filing for a six-month period ending on February 16, 2023. If the Company fails to file the Form 20-F by the end of such six-month period, the NYSE may, in its sole discretion, allow the Company’s securities to trade for up to an additional six months. The Company may have to submit an official request for an extension for the NYSE’s consideration at the appropriate time. If the NYSE determines that an additional six-month trading period is not appropriate, the NYSE will notify the Company that suspension and delisting procedures would commence. If the NYSE determines that an additional trading period of up to six months is appropriate, trading on the NYSE would continue, however if the Company fails to file the Form 20-F and any subsequent delayed filings by the end of that period, suspension and delisting procedures likely would commence at the end of that period.

Although the Company intends to file the Form 20-F as soon as practicable and make filings of its annual reports on Form 20-F in future years on or before the due date set by the SEC, any further delay in filing the Form 20-F or further late filings of future reports could erode investor and creditor confidence and lead to consequences such as covenant defaults under its financing documents (as described above) and delisting of the Company’s shares from the NYSE (which

may also trigger additional covenant defaults under its borrowing documents and defaults and acceleration under its green bonds) any or all of which would materially and adversely affect the Group's business, results of operations, financial condition and cash flows.

160. Defendants also revealed more information about its multiple whistleblower complaints, including that Azure received the Second Whistleblower Complaint in May of 2022 which made multiple allegations regarding the following: (1) health and safety lapses; (2) procedural irregularities; (3) misconduct by employees; (4) corrupt payments and false statements relating to a (still undisclosed) project; and (5) data manipulation and misrepresentation of project data. Azure stated:

Whistle-blower Allegations and Special Committee Investigation:

The Group received a whistle-blower complaint in May 2022 that alleged health and safety lapses, procedural irregularities, misconduct by certain employees, corrupt payments and false statements relating to one of the projects belonging to one of its project subsidiaries. Following extensive investigations by both internal and external counsel and forensic professionals, the Group identified *evidence of manipulation and misrepresentation of project data* by some employees at that project site. *Weak controls over payments to a vendor of the subsidiary and failures to provide accurate information both internally and externally were found*, but no direct evidence that a corrupt payment was made to any government official was identified. *The Company has reported the findings from its investigations to the SEC and the U.S. Department of Justice, and it continues to cooperate with these authorities.* Further, in Fiscal 2023, the project subsidiary reported to the customer that the project had (i) shortfalls in generation and (ii) that it failed to timely complete and commission the requisite contractually required capacity. Subsequently, the customer has advised the subsidiary that damages and penalties may be assessed for shortfalls in generation and timely commissioning of the full capacity required under the PPA. The Group continues to have dialogue with its customer on this issue.

161. While Defendants claimed Azure purportedly found “no direct evidence that a corrupt payment was made to any government official,” they were silent on whether Azure found any indirect evidence of improper payments to government officials or whether there were corrupt payments to third parties.

162. In the January 25, 2023 press release, Azure also revealed that it had *expanded* its investigation in all of its projects, *admitting three more projects* were infected with data manipulation issues and calling into question generation data manipulation for all projects reported on in Fiscal 2022, and subjecting Azure to further liabilities. Accordingly, Azure was widening its investigation to Fiscal 2022 and 2023:

As part of its investigations, *the Group also widened its review to include a review of all projects commissioned in Fiscal 2022 and Fiscal 2023* to ensure that similar weaknesses were not present as found in the above-mentioned project related to the May 2022 whistle-blower allegations. As part of this review, the Group identified *inconsistencies in project data in three other projects*. These inconsistencies present risks including the potential for liabilities under the relevant contractual and tender documents.

The Group has taken a range of actions as a result of these findings. The Group initially suspended the employees involved in the misconduct. Such employees are no longer associated with the Group. In accordance with the recommendations of the Company's Ethics Committee, the Board's Audit and Risk Committee and their advisors, the Group is implementing remedial measures in both project control and monitoring. Further, *the Company has reported the findings from the investigations to the SEC and the U.S. Department of Justice, and it continues to cooperate with these authorities*.

In addition, a Special Committee of the Board of Directors was convened in August 2022 *to review material projects and contracts over a three-year period for anti-corruption and related compliance issues*. Independent outside counsel and forensic advisors were engaged to support the Special Committee. The review by the Special Committee also includes an investigation into a corruption allegation against certain former executives. As of the date of this press release, the Special Committee's investigation remains ongoing, but is substantially progressed. The Company has disclosed the details of the Special Committee's investigation to the SEC and the U.S. Department of Justice and continues to cooperate with those agencies.

163. Thus, Defendants finally admitted that Azure's data manipulation and internal control problems date back at least three years and expand far beyond the purported one project previously disclosed on August 29, 2022, necessitating disclosure to the SEC and DOJ. Azure further stated it is unable to quantify the financial impact or breadth of the corruption at the

Company exposing Azure to contractual, civil, administrative, and regulatory liabilities, including potential findings of corruption and fraud:

Any fines, penalties, contractual damages, administrative or regulatory actions or other liabilities arising from findings of the Group's Whistle-blower and Special Committee investigations or otherwise, could adversely affect the Group's business, results of operations, financial condition and cash flows.

As described above under "Whistle-blower Allegations and Special Committee Investigation", the Group has been investigating certain whistle-blower allegations and ***reviewing material projects and contracts over a three-year period for anti-corruption and related compliance issues***. As of the date of this press release, the Group is ***unable to quantify the financial impact of its findings so far (including, but not limited to employee misconduct related to manipulation of project data and information and data inconsistencies)***; however, the Group could be exposed to liabilities including contractual damages (such as liquidated damages) and penalties from customers and other civil liabilities and administrative and regulatory actions, all of which could adversely impact the revenue, profitability, cash flows and capitalization of the affected projects. In addition, fines and/or penalties by regulatory authorities (including by the SEC or the U.S. Department of Justice) could be imposed on the Group. Although no such fines, penalties or civil liabilities have been demanded or levied or administrative or regulatory actions taken as of the date of this press release, any such fines, penalties, civil liabilities or administrative or regulatory action could materially and adversely affect the Group's business, results of operations, financial condition and cash flows in future periods. In addition, the Group could be exposed to future litigation in connection with any findings of fraud, corruption, or other misconduct by the Group's employees and former employees.

164. The January 25, 2023 press release also quantified Azure's exposure for the previously-disclosed failure to commission projects by their required deadlines:

Update on Projects under Execution

In Fiscal 2022, the Group experienced delays in execution of its projects beyond the extended commissioning timelines provided by the customers and could be subject to liquidated damages as per the respective PPAs. The Group estimates a contingent liability on account of delayed commissioning aggregating to INR 390 million (US\$ 5.2 million), including INR 16 million (US\$ 0.2 million) as an aggregate impact of inconsistencies in project data that were identified during the whistle-blower investigations. The Group is in regular discussions with its customers to seek further extensions of construction and commissioning timelines as appropriate. The inability to obtain these time extensions could have additional

implications under the requisite PPAs and project agreements, including, but not limited to, reductions in project capacities and reductions in tariffs.

165. In the January 25, 2023 press release, Azure revealed that, while the Company's investigation is ongoing, Azures internal controls for at least Fiscal 2022 "were not effective:"

Internal Controls

The Group is in the process of completing its internal controls and compliance framework review exercise for Fiscal 2022, and, while that review continues, it has ***identified several material weaknesses in its internal control over financial reporting as of March 31, 2022***. Consequently, when the Company files the Form 20-F, it will report that the Group's internal controls over financial reporting were ***not effective as of March 31, 2022***.

Management, under the supervision of the Company's Audit and Risk Committee and working with external accounting and financial advisers, has initiated remediation actions focused on improving the Group's internal control and compliance environment in order to address the control deficiencies that led to material weaknesses. These efforts include creation of a Management Assurance Service function as an additional layer of review and working to hire additional accounting personnel for assistance on critical accounting matters, training of team members, implementing additional process level reviews, and periodic monitoring by the Audit and Risk Committee of the effectiveness of the remedial efforts and overall reporting framework. As it continues to implement such remediation, management may take additional measures or modify the plan elements described above.

166. Finally, Azure disclosed in the January 25, 2023 update that most of the Azure's external borrowings are required to be rated by accredited credit rating agencies, and "[a]ny downgrade of the Group's credit ratings may result in increase in interest cost or may trigger default."

ADDITIONAL SCIENTER ALLEGATIONS

167. As alleged herein, Defendants acted with scienter since Defendants knew or recklessly disregarded that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew or recklessly disregarded that such statements or documents would be issued or disseminated to the investing public; and

knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Azure, their control over, and/or receipt and/or modification of Azure's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Azure, participated in the fraudulent scheme alleged herein.

I. Defendants' Admitted Ability to Monitor Azure's Performance in "Real Time" Supports a Strong Inference that Defendants Acted With Scienter

168. Defendants regularly touted their "centralized monitoring station" and ability to "monitor and analyze plant performance at the project site," in "real-time." Thus, Defendants knew or should have known about manipulation and inaccurate reporting of data, safety issues and corrupt payments at the time they occurred. For example, according to its 2021 Form 20-F, Azure stated that it could remotely monitor performance of all the projects in "real time:"

Our operations team monitors performance of all the projects in real time through our analytics platform, which allow us to respond rapidly to potential generation anomalies and to repair any failures that might happen. They also perform scheduled preventive maintenance tasks on daily, weekly, monthly, and annual intervals to ensure our plants run smoothly and at high efficiency levels. Currently, we are able to monitor the performance of our solar power generation plants spread over 90 cities remotely.

169. Likewise, on February 11, 2021, on Azure's third quarter 2021 earnings conference call, Defendant Subramanian, Chief Operating Officer, reiterated that they get "all our data into a centralized monitoring station at head office," which gives them the ability to "monitor and analyze plant performance at the project site." This system provided "greater visibility of even minor plant failures, and various preset alarms allow them to spot, not only failures but even parts of the plant where performance is lower than expected." In other words, the executive level management had

access to project data at the head office, and could detect even minor problems at individual project sites.

170. Defendants again boasted about the insight they gained from Azure’s central monitoring system in the December 13, 2021 Earnings Call, where Defendant Subramanian claimed that every project was now connected through mobile phone applications which even had “predictive monitoring” capabilities:

“Further, on the operations side, all our projects are now fully connected with our central monitoring system, which has accessibility through the mobile application as well. We are gradually phasing out laptops at our sites and have provided tablets to our site engineers who are now always connected with the Head Office staff and monitor at a granular level, the performance of each of our plants on a real-time basis. This also helps us in predictive monitoring of our plants to tackle any challenge in its infancy.

171. In an August 10, 2022 post to Azure’s Facebook page, Harsh Shah emphasized that using technology for real-time monitoring electricity usage and day-to-day analysis was crucial for Defendants. In an Economist Impact article entitled, *Digitalisation’s promise for India’s utilities sector: An interview with Harsh Shah, Chief Executive Officer, Azure Power*, posted to Azure’s Facebook account, Azure’s former CEO is quoted:

Mr Shah: Azure Power sees technology as a key enabler to become the number one provider of sustainable energy solutions for a carbon neutral world. Currently, the company digitally manages its power plants by ***using real-time monitoring platforms for day-to-day analysis*** and testing various tools to augment in-house predictive analytical capabilities to accurately analyse energy generation data and forecast weather events. We have digitalized most of the internal processes such as supply chain, design and engineering, and project management to improve efficiency and output while reducing turnaround time.

172. Given that ***all*** projects were monitored “day-to-day” in “real-time” by the central monitoring system, Defendants were immediately aware of the data manipulation, shortfalls in generation data, or irregularities in energy generation disclosed in the January 25, 2023 update at the time they occurred.

II. Defendants Personally Visited the Azure Plants Which Supports A Strong Inference of Scier

173. Defendants showcased plant site visits on the Company's Facebook page, which further supports their knowledge or reckless disregard for the data manipulation, false reporting of data, safety issues and corrupt payments occurring at multiple Azure plants during the Class Period. For example, in an August 17, 2022 Facebook post, Azure stated that "Senior Management" took a "keen interest" in "connect[ing] directly with the site employees and workers" so they could "understand the workings on ground."

174. One such site visit reported on Facebook was to the Gujarat Solar Project site, one of Azure's largest plants.

175. Accordingly, Defendants' admitted access to site-level data and plant employees physically at the plant further supports their scier.

III. Class Period Executive Resignations Support a Strong Inference that Defendants Knew of Undisclosed Operational Problems and Corruption

176. As previously set forth above, Azure experienced droves of executive departures throughout the Class Period. The sheer number of executive departures in such a short period and that they occurred at suspicious times and/or under suspicious circumstances supports a strong inference of Defendants' knowledge, recklessness and/or scier with respect to the operational issues facing Azure as well as the fraud and corruption later revealed.

177. First, on April 26, 2022 Azure issued a press release announcing the resignations of Defendants Gupta and Subramanian, CEO and COO, just days before Azure received the Second Whistleblower Complaint. It is highly likely that the whistleblower raised the issues included in the Second Whistleblower Complaint internally prior to launching a formal complaint.

178. Next, on June 1, 2022, shortly after receipt of the Second Whistleblower Complaint and right before Azure disclosed it could not timely file its Fiscal 2022 Form 20-F, Azure officially

announced that Independent Director and the Audit Committee Chairman, Mr. Arno Harris resigned from his position as a member of the Board of Directors of Azure Power and all its subsidiaries effective May 31, 2022.

179. Then, on August 29, 2022 Azure issued a press release announcing CEO Harsh Shah's resignation, effective immediately, not even two months after Shah began employment at Azure. Harsh Shah's resignation was described as an "unexpected decision." Shah quickly retreated back to his former employer at IndiGrid, presumably after he got wind of the extensive corruption and internal control problems at Azure.

180. Defendants experienced a large number of executive-level resignations in a very short period of time, which overlapped the time period in which it received several whistleblower complaints. These resignations support a strong inference of Defendants' knowledge, recklessness, and/or scienter with respect to the operational problems and corruption facing Azure.

IV. Defendants Knew Their Internal Controls Were Ineffective

181. Azure's lack of internal controls over financial reporting further supports a strong inference of scienter. Defendants made affirmative misrepresentations in the Fiscal 2021 Form 20-F filed in July 2021 that Azure's internal controls were adequate, despite having receive the First Whistleblower Complaints. Accordingly, they either informed themselves of the true state of Azure's controls prior to making such statements, or recklessly disregarded that Azure's controls were wholly deficient, leaving the Company exposed to fraud and data manipulation.

182. As Defendants would finally admit on January 25, 2023, Azure had "several material weaknesses" in its internal controls over financial reporting and that the Company's controls were so bad, Defendants could not estimate when Azure could file its belated Fiscal 2022

Form 20-F, nor could Defendants quantify the impact from the data manipulation and false reporting of financial data from Azure's lack of controls.

V. Auditor Replacements Support a Strong Inference of Scienter

183. On November 26, 2021, shortly after Defendants informed investors about the First Whistleblower Complaint, Azure's independent auditors, Ernst & Young, were abruptly dismissed by the Company. The auditor replacements support a strong inference of Defendants' knowledge, recklessness and/or scienter with respect to the operational issues facing Azure as well as the fraud and corruption later revealed. As disclosed in the November 26, 2021 press release:

At a meeting held on November 9, 2021, the Board of Directors of the Company approved the appointment of S.R. Batliboi & Co. LLP (member firm of Ernst and Young Global Limited) as its independent registered public accounting firm for the fiscal year ending March 31, 2022. At the same meeting, the Board of Directors of the Company approved the dismissal of Ernst & Young Associates LLP (the "Former Accounting Firm") as independent registered public accounting firm of the Company effective November 9, 2021. The audit committee of the Board of Directors approved the change in independent registered public accounting firms on September 30, 2021.

184. Upon information and belief, and according to confidential local sources, following the investigation of one or both of the whistleblower complaints, Azure's external auditor, Ernst & Young, raised concerns regarding corrupt payments to vendors and project cost allocation, which would require additional qualifications be included in its audit report of Azure. Azure terminated the relationship after learning of the qualified opinion.

185. On December 22, 2021, Azure announced that it held its 2021 Annual Meeting of Shareholders where among the adopted proposals at the shareholder meeting was the appointment of a new auditor, Ernst & Young Mauritius, as the Company's independent auditor for the fiscal year ending March 31, 2022.

186. Azure provided no explanation for why it was playing musical chairs with its auditors or what happened to S.R. Batliboi & Co., the recently appointed auditor. This suspiciously

timed departure occurred shortly after receipt of the First Whistleblower Complaint and shortly before Azure was to lose its emerging growth status.

187. Analysts expressed concerns with Azure's change in auditors, for example, in his August 24, 2022 report, Mr. Varun Ahuja of J.P. Morgan, stated in pertinent part:

We believe that the delays are due to enhanced processes and auditing to be done by E&Y. Our read-through from Azure re-appointing their auditor is that they have confidence in working on the processes with E&Y and address the concerns, *as any change in auditor would be a potential red flag to us.*

188. As a result of the foregoing, Azure was aware that their changes in auditor had effects on the market.

VI. Defendants Were Motivated to Falsely Inflate Azure's Financial Results to Ensure Receipt of New Renewable Energy Projects and at Favorable Financing

189. In order to win bids for new renewable energy projects, Azure needed to provide lower cost bids than competitors for projects that could then be operated profitably.

190. Obtaining financing for new projects was also critical to Azure's growth and market share. In fact, Defendants touted as a competitive advantage, Azure's ability to obtain new projects at better financing than competitors which then allowed it to submit a more competitive, lower cost bids. For example, Defendants stated in Azure's 2021 20-F, "[w]e are able to access international capital markets, in addition to domestic lenders to enhance access to and lower the cost of capital leading to enhanced economics for our customers and shareholders."

191. High costs and unprofitable results and/or corrupt payments would, thus, prevent Azure from obtaining new projects bid and the necessary financing for them. Accordingly, Defendants were motivated to falsely inflate Azure's financial results and conceal the Company's corrupt payments and other ethical and internal control violations in order to secure and fund its future growth and win new project bids over competitors.

LOSS CAUSATION

192. During the Class Period, as detailed herein, Defendants engaged in a course of conduct that artificially inflated the price of Azure’s equity shares by misrepresenting and/or failing to disclose the adverse facts detailed herein. When the truth became apparent to the market, the price of Azure equity shares deflated as the artificial inflation was erased. The decline in the price of Azure equity shares was the direct result of the nature and extent of the adverse facts misrepresented or omitted by Defendants finally being revealed to investors and the market. Plaintiff and the Class purchased Azure equity shares at artificially inflated prices, causing them to suffer damages in the form of economic loss as complained of herein.

193. On April 26, 2022, Azure issued a Form 6-K, signed by Defendant Rosling. The April 26, 2022 Form 6-K attached a press release titled *Azure Power Announces Resignation of Ranjit Gupta as Chief Executive Officer and Murali Subramanian as Chief Operating Officer*, announcing that Defendant Gupta would be resigning as CEO and a Board member, and Defendant Subramanian would be resigning as COO “to pursue other opportunities.” The April 26, 2022 press release stated that Defendant Rosling, Chairman of the Board, would “oversee the Company in the interim” while the Board searches for a new CEO.

194. Upon the news, the price of Azure’s equity shares dropped \$1.73 per share or 12%, from a closing price of \$14.66 on April 25, 2022 to \$12.93 per share on April 26, 2022.

195. On April 27, 2022, J.P. Morgan published a report by analyst Varun Ahuja directly linking the price decline of Azure’s equity shares to the press release. Specifically, Mr. Ahuja’s report stated that “Azure Power’s equity prices reacted quite negatively to th[e] news (-13%)” regarding the departures of Defendants Gupta and Subramanian, and that prices for Azure bonds had also fallen.

196. On August 16, 2022, Azure filed an Amended Form 12b-25 Notification of Late Filing, signed by Defendant Agrawal, disclosing for the first time, that Azure would not only miss the filing deadline for its annual report on 2022 Form 20-F, but it would also not be able to file the 20-F by the extended due date as a result of an ongoing internal controls review. Defendants were unable to provide a time for when Azure would be able to file the 20-F and stated they would file it “as soon as practicable.”

197. Upon the news, the price of Azure’s equity shares declined \$1.00 per equity share, or 8% from a closing price of \$12.25 on August 15, 2022 to close at \$11.25 on August 16, 2022.

198. Analysts understood this indefinite delay as indicative of larger concerns including with respect to Azure’s liquidity. For example, Justin Clare and Philip Shen of Roth Capital Partners placed Azure’s equity shares under review on August 30, 2022, explaining that “[w]e are moving AZRE to Under Review from Buy as AZRE continues to be delayed in filing its 20F for financial year ended March 31, 2022 and is unable to provide a timeline for submission.” Likewise, Elvira Scotto of RBC Capital Markets found Azure’s failure to file the 20-F concerning, as she noted in her September 1, 2022 report, “[d]elay in Form 20F filing adds to uncertainty and raises going concern questions.”

199. On August 29, 2022, before the market opened, Azure shocked the market when it announced yet another CEO resignation, disclosing that CEO Harsh Shah, who started at Azure not even two months prior in July 2022, resigned, effective immediately. Defendants provided no explanation for Shah’s sudden departure and characterized it as an “unexpected decision.”

200. Also on August 29, 2022, Azure issued a second press release disclosing it had “received a whistleblower complaint in May 2022 alleging potential procedural irregularities and misconduct by certain employees at a plant belonging to one of its subsidiaries.” In particular, the

August 29, 2022 press release disclosed that Azure’s Audit Committee “identified evidence of manipulation of project data and information by certain employees.” In the same press release, Azure unsurprisingly again announced further delays in the filing of its 2022 Form 20-F.

201. Upon this news, the price of the Company’s equity shares fell \$4.61, or 44%, to close at \$5.85 per equity share on August 29, 2022, on unusually heavy trading volume.

202. On August 29, 2022, RBC Capital Markets analyst Elvira Scotto stated, “AZRE issued a press release with a number of updates, most of which were negative, including a CEO departure and the Audit Committee’s identification of data manipulation at an AZRE subsidiary. AZRE shares are down ~44% on the news.”

203. Likewise, in an August 30, 2022 report, Maheep Mandloi of Credit Suisse downgraded Azure to “underperform” and reduced the target price from \$22.00 per share to \$5.00 per share. Credit Suisse cited the delay in Azure’s Form 20-F filing and the whistleblower allegations “concerning,” explaining, “[a]fter a whistleblower complaint at one power plant, the company identified deviations in safety norms and evidence of project data manipulation by some employees. Management hasn’t shared any other detail at this time on the potential impact and the prevalence of said issue across other plants.”

204. Also on August 30, 2022, Roth Capital Partners downgraded Azure from “buy” to “under review,” citing concerns about the delayed 2022 Form 20-F filing and whistleblower allegations:

We are moving AZRE to Under Review from Buy as AZRE continues to be delayed in filing its 20F for financial year ended March 31, 2022 and is unable to provide a timeline for submission. Additionally, in a business update on 8/29 (see here), AZRE indicated its audit committee found evidence of manipulation of project data and information by certain employees. As a result, we are moving to Under Review and will re-evaluate the business as we learn more.

205. As a result of their purchases of Azure equity shares during the Class Period at artificially inflated prices, Plaintiff, and the other Class members suffered economic loss, i.e., damages, under the federal securities laws. The timing and magnitude of the price decline in Azure equity shares negate any inference that the loss suffered by Plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors, or Company specific facts unrelated to the Defendants' fraudulent conduct.

CLASS ACTION ALLEGATIONS

206. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Azure securities between June 15, 2021 and August 29, 2022, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

207. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Azure's equity shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Azure equity shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by Azure or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

208. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

209. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

210. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Azure; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

211. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

**APPLICABILITY OF PRESUMPTION OF RELIANCE
(FRAUD ON THE MARKET DOCTRINE)**

212. The market for Azure's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Azure's securities traded at artificially inflated prices during the Class Period. On July 2,

2021, the Company's equity share price closed at a Class Period high of \$27.41 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Azure's securities and market information relating to Azure, and have been damaged thereby.

213. During the Class Period, the artificial inflation of Azure's equity shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Azure's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Azure and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company equity shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

214. At all relevant times, the market for Azure's securities was an efficient market for the following reasons, among others:

- (a) Azure equity shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- (b) As a regulated issuer, Azure filed periodic public reports with the SEC and/or the NYSE;
- (c) Azure regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on

the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Azure was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

215. As a result of the foregoing, the market for Azure's securities promptly digested current information regarding Azure from all publicly available sources and reflected such information in Azure's share price. Under these circumstances, all purchasers of Azure's securities during the Class Period suffered similar injury through their purchase of Azure's securities at artificially inflated prices and a presumption of reliance applies.

216. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO STATUTORY SAFE HARBOR

217. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Azure who knew that the statement was false when made.

FIRST CLAIM

**Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants**

218. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

219. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Azure’s securities at artificially inflated prices. In

furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

220. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Azure's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

221. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Azure's financial well-being and prospects, as specified herein.

222. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Azure's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Azure and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

223. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

224. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Azure's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

225. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Azure's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trade, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Azure's securities during the Class Period at artificially high prices and were damaged thereby.

226. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Azure was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Azure securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

227. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

228. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

**Violation of Section 20(a) of The Exchange Act
Against the Individual Defendants**

229. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

230. Individual Defendants acted as controlling persons of Azure within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

231. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

232. As set forth above, Azure and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other

members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY DEMAND

In accordance with Fed. R. Civ. P. 38(b), Plaintiff demand a jury trial of all issues involved, now, or in the future, in this action.

DATED: February 21, 2023

Respectfully submitted,
LEVI & KORSINSKY, LLP

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